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Brazilian Free Trade Zone Proposal Gets 'Cold Reception'

PY2302190294 Montevideo EL OBSERVADOR ECONOMICO in Spanish 16 Feb 94 p 8

[Text] Diplomats who attended the ALADI [Inter-American Integration Association] meeting of foreign ministers in Montevideo on 11 February told EL OBSERVADOR that the Brazilian proposal to establish a South American Free Trade Zone met with a cold reception.

The proposal was officially announced by Brazilian Foreign Minister Celso Amorim. It calls for the gradual lifting of customs tariffs in South American countries until a total liberalization of regional trade is achieved by 2005.

The same sources added that although the Brazilian proposal was not rejected, there was no enthusiasm for this new Latin American integration proposal in the short term.

The foreign ministers of Mercosur [Common Market of the South] countries will discuss this issue in their next meeting scheduled for March in Buenos Aires. They will also discuss the state of negotiations toward a common Mercosur customs tariff and the Brazilian proposal.

Uruguayan Foreign Minister Sergio Abreu did not comment on the issue but specified that the Brazilian proposal does not contradict Mercosur.

The foreign ministers attending the ALADI meeting avoided any specific comment on the eventual establishment of free trade zone in the short term. They reasserted their willingness to strengthen regional integration.

In a speech he delivered on 11 February at the ALADI meeting, the Argentine representative stressed the need to strengthen Latin American integration. He specified, however, that subregional organizations must first be enhanced.

If the Brazilian proposal is to be implemented on the same terms as those explained by Foreign Minister Amorim, negotiations should be undertaken this year so that the 10-year timetable for the elimination of custom tariffs may begin by 1995.

ALADI Member Countries' Economic Performance Viewed

PY2302202694

[Editorial Report] Montevideo LA MANANA in Spanish on 16 February publishes on page 40 a 500-word unattributed article which views an ALADI [Latin American Integration Association] report on foreign trade and social and economic indicators of its member countries. The article notes that ALADI global exports grew by 5 percent last year—totalling $122 billion—represents "a 76-percent increase compared to 1986." The article continues: "Notwithstanding this sharp increase" ALADI exports still represent 3.2 percent of world exports, "which have remained static for the last seven years."

The article reports that imports increased 8 percent in the same period—totaling $135 million—and that ALADI countries always registered "a balance of trade surplus" until 1992, when they registered an $8-billion deficit.

The article comments: "ALADI's leading economic partners are the United States, which accounts for 37 percent of all exports; the EEC, with 23 percent; and Japan, with 6 percent." Trade within ALADI member countries accounts for 15 percent of total exports.

ALADI's chief exports are manufactured goods, food, beverages, and tobacco. The ALADI report states that member countries' GDP grew by 3.3 percent in 1993 and that per capita GDP amounted to $2,150.

The report concludes: "The economies of most countries of the region registered, for the third consecutive year, an increase in activity, a relative stability in domestic prices, an easing off of their debt service, and a considerable inflow of foreign capital."

Cuba

Cuban-American Entrepreneurs Call for End to U.S. Embargo

PA2402023394 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Feb 94

[From the "Evening Information Review" newscast]

[Text] The second meeting of PECA—Cuban-American Professionals and Entrepreneurs—ended today. The businessmen had been meeting in Havana since Monday. PECA's final communique stressed the need for the U.S. Government to lift the blockade against Cuba.

In a communique released to the press at the end of the meeting and read by PECA Coordinator Roberto Solis, it was reported that during the past three days the entrepreneurs continued to explore investment possibilities in Cuba that will be possible when the blockade comes to an end. The document added that the conference scheduled by the Cuban Government for April must contribute to normalizing relations between the country and Cuban emigrees, which for more than three decades have been negligible and intermittent.

The Cuban-American professionals and entrepreneurs praised the fraternal and respectful atmosphere that prevailed during all of their discussions—discussions in which specific proposals were made.

Upon closing the seminar, Sergio Corrieri, the president of ICAP—the Cuban Friendship with the Peoples Institute—stressed that although there were differences of opinion, all statements by the Cuban-American professionals and entrepreneurs will be analyzed because they were made within a framework of understanding that must exist between Cubans here and those Cubans in the United States who have adopted a constructive attitude toward the Cuban revolutionary process.

Perez Novoa Charges U.S. 'Manipulating' Free Expression

FL2302145594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Feb 94

[Text] On 22 February, Jose Perez Novoa, Cuban Ambassador in Geneva, accused the United States of manipulating freedom of expression with its monopoly of media outlets. During the 50th session of the UN Human Rights Commission, the Cuban diplomat gave the example of the exposure to radiation on unsuspecting subjects. Over a decade ago experiments were conducted on retarded individuals. This was only made known last month. Perez Novoa stressed that there are no guarantees that other human rights violations cases are kept quiet within the so-called freedom of speech of the United States.

The UN Human Rights Commission has yet to vote on racism and xenophobia, increasing phenomenons in Europe.

Chinese Ambassador Stresses Growing Bilateral Relations

FL2302200994 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Feb 94

[Text] While participating in the ceremony marking the fourth anniversary of the Cuban-Chinese friendship cooperative for agriculture and livestock production in the municipality of Cifuentes in Villa Clara, Chinese Ambassador to Cuba Xu Yicong said that bilateral relations with Cuba are developing satisfactorily for both countries. We have many reasons to seek the strengthening of Cuban-Chinese relations of friendship and cooperation, because the two countries have the same principles and ideals uniting us closely, Xu Yicong said.

The Chinese ambassador added that political relations between the two countries are also growing closer every day, trade is increasing, and economic cooperation is developing quickly. He said that the Joint Commission for Cuban-Chinese Cooperation will meet in March in Havana to study trade prospects between the two nations.

In Santa Clara, Xu Yicong visited the installation of what will be the largest Cuban bicycle factory with Chinese technology. This factory will be able to produce 150,000 units annually.

Canary Islands President Signs Trade, Support Agreement

FL2302202694 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Feb 94

[Text] Before leaving our country for Venezuela, Manuel Hermoso Rojas, president of the government of the autonomous community of the Canary Islands, signed a cooperation agreement.

A letter of intent, which represents great prospects for the possibility of developing cooperation in various areas, was signed today at the Minrex [Ministry of Foreign Relations] by Manuel Hermoso Rojas, president of the government of the Canary Islands, and Jose Ramon Fernandez, vice president of the Executive Committee of the Council of Ministers.

The agreement provides for the display and trade of products and for support to Cuba for the development of its activities in Spain and the European Economic Community. Referring to the significance of the agreement, Hermoso Rojas said:

[Begin recording] Today we are signing an agreement which concludes one more of the many talks we have been holding over the past few days concerning possible cooperation between Cuba and the Canary Islands. I have to say that every time we had to discuss a concrete issue, immense possibilities for cooperation emerged. The great tradition prevailing between the peoples of Cuba and the Canary Islands has been maintained. The people of the Canary Islands have been something peculiar to Spain in that they have been known as the islanders of Cuba [sentence as heard]. And we islanders have come with the purpose of cooperating. The agreements are no longer restricted to culture, but are also extended to the universities, to commercial relations, and, I hope, they will also be extended to the area of tourism. [end recording]

Before the signing of the agreement, the president of the Canary Islands Government held a meeting with Cuban Foreign Minister Roberto Robaina, during which they discussed subjects of mutual interest.

Concludes Official Visit

FL2402010194 Havana Cuba Vision Network in Spanish 2320 GMT 23 Feb 94

[Excerpts] After an official six-day visit to Cuba, Manuel Hermoso Rojas, the president of the government of the autonomous community of the Canary Islands, and his delegation departed today for Venezuela. At the Jose Marti International Airport, the Canarian delegation was greeted by Jose Ramon Fernandez, vice president of the Council of Ministers, and Vice Foreign Minister Isabel Allende Karem. Jose Antonio San Gil, Spanish ambassador to Cuba, and other Cuban personalities were also present at the ceremony. [passage omitted]

The last day of President Manuel Hermoso Rojas' official visit to Cuba began early in the morning at the Ministry of Foreign Relations. The visitors were met by Cuban Foreign Minister Roberto Robaina, who conversed with the visitors. President Manuel Hermoso Rojas thanked him for the hospitality shown during his visit and expressed a desire to meet with Robaina in the Canary Islands. Afterwards, Manuel Hermoso Rojas and Jose Ramon Fernandez signed a letter of intent which, among other items, includes the development of bilateral trade and the search, by Canarian authorities, for financing for financial projects in Cuba. In that area, next month, the Canarian Government will send a group of specialists to evaluate possible schemes of cooperation with Cuba.

In a news conference, President Hermoso Rojas referred to the possibility of cooperation between the governments of Cuba and Canary Islands:

[Begin recording] The Canary Islands is an enclave with very important ties with all of Europe. We believe that the Canary Islands can be an important platform of distribution to Latin America and Cuba of not only Canarian production but all products that could be received from Europe. The Canary Islands have industries that, because of the traditional characteristics of the Cuban and Canarian people, will allow for good contacts and business relations, especially in the agricultural-industrial sector. [end recording]

Ukrainian Deputy Foreign Minister Inaugurates Embassy

FL2302121394 Havana Cuba Vision Network in Spanish 0100 GMT 23 Feb 94

[Text] The strengthening of the friendly ties between Cuba and the Ukraine was made evident today with the inauguration of a Ukrainian Embassy in Havana. Here is journalist Ismael Tantaw with the details.

[Tantaw, with Ukrainian deputy foreign minister's statements in Russian audible in background] The Ukraine looks with optimism on the future of its relations with Cuba, (Aleksandr Rivach), vice foreign minister of the Ukraine, today affirmed upon inaugurating his country's embassy in Havana.

Participating in the ceremony for the purpose of inaugurating the new diplomatic mission in our country were, among other distinguished figures: Ricardo Alarcon, president of our parliament; Lionel Soto, vice president of the Council of Ministers; Isabel Allende, vice foreign minister; and Sergio Corrieri, president of the Cuban Institute of Friendship With Peoples.

The deputy chief of the Ukrainian Foreign Ministry affirmed that the inauguration of his country's embassy in Cuba will serve to strengthen relations between the two countries.

Also at the inauguration ceremony was the delegation headed by Kiev Mayor Leonid (Kosakivsky) and members of the diplomatic corps accredited in Cuba.

Spanish Cooperation Committee Promotes New Areas of Trade

FL2402024094 Havana Cuba Vision Network in Spanish 0100 GMT 24 Feb 94

[Excerpts] Just minutes ago, at the Chamber of Commerce of the Republic of Cuba, a letter of intent was signed between the participants in the fourth Cuban-Spanish bilateral committee of economic cooperation. This committee will make use of innovative means to increase economic relations—specifically, in the granting of credits, on the Spanish side—and the diversification of areas in which permission for investments are granted in Cuba, including mixed enterprises. [passage omitted]

The bilateral committee is responsible for establishing the path of trade between the two countries. Tonight the committee has come out in favor of intervening in the balancing of the internal finances of our country. In our opinion, the response of our entrepreneurs should be greater imagination and aggressiveness.

Chamber President Reports on Foreign Investment

PA2402044294 Mexico City NOTIMEX in Spanish 2010 GMT 20 Feb 94

[Text] Havana, 20 Feb (NOTIMEX)—Carlos Martinez Salsamendi, the president of the Cuban Chamber of Commerce, has reported here that Cuba registered more than 500 foreign corporations and 112 joint enterprises as of the end of 1993. Martinez Salsamendi said that 78 new corporations joined the chamber last year. He made the announcement during a meeting with businessmen from the Canary Islands. The business leader also said that 28 of the joint enterprises are engaged in tourism activities.

During the meeting, the businessmen and entrepreneurs from the Canary Islands expressed their interest in doing business with Cuba. The group is accompanying President Manuel Hermoso of the Government of the Canary Islands, who began a six-day official visit to Cuba on Friday. This is the third trip by a Spanish autonomous government leader to the island, following tours by Gallaecian President Manuel Fraga Iribarne and Asturian leader Juan Luis Rodriguez Vigil in 1991.

Central Army To Maintain Agricultural Vehicles

FL2402010894 Havana Cuba Vision Network in Spanish 2320 GMT 23 Feb 94

[Text] The Central Army is taking steps to implement the instructions given by the Minister of the Revolutionary Armed Forces to support the conservation of unused agricultural equipment. In this extensive territory that comprises five provinces, thousands of tractors and trucks that have been paralyzed because of the lack of fuel and spare parts or as a consequence of the recent transformations that have taken place in agricultural industry will be properly maintained to prevent their deterioration and to ensure operation when circumstances permit. Contacts have been made between delegations of the Ministry of Agriculture in Matanzas, Villa Clara, Cienfuegos, Sancti Spiritus, and Ciego de Avila, so that, in the near future, classes can be held to demonstrate the proper maintenance of agricultural equipment.

Commentary Views Armed Forces' Bid To Conserve Resources

PA2402044394 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Feb 94

[Commentary by Roberto Morejon from the "Evening Information Review" newscast]

[Text] The Cuban Revolutionary Armed Forces [FAR], which comprises naval, air, and land forces, has decided to achieve self-financing without neglecting their combat capabilities. In this regard, the initial results reflect the future fulfillment of this goal.

For three decades, the FAR obtained all of its weapons, spare parts, and training by way of donations or purchases at modest prices. The collpase of the Soviet Union, however, eliminated the main source of supplies to the Cuban armed institution. In light of this, the FAR's High Command had to draw up emergency plans to continue operating without greatly affecting the nation's diminished budget. The past three years have marked a time of hard work for the FAR to place itself in an adequate position to resolve the harsh limitations of resources that the nation in general is facing.

As a first step, the High Command designed a program to reduce surplus equipment and to rationalize several types of armed forces, particularly the air forces and Cuban Revolutionary Navy forces that have been incorporated into the ground forces. Under the guidance of the High Command, experts, and its best technicians, the FAR initiated a conservation process by which a sizable number of rifles, aircraft, and other materiel were demobilized and subsequently preserved. These are being kept in appropriate places until the nation can purchase the necessary fuel.

The High Command also encouraged the search for initiatives among lower and mid-level officers to use the remaining supplies to keep the equipment combat ready. This, however, is being carried out with a minimum of fuel, lubricants, ammunition, and spare parts. Meanwhile, the FAR developed the production of food supplies, except for salt and sugar. Currently, it can be said that all of the units in the nation are self-sufficient in rice, an indispensable item in every Cuban's diet.

Our nation's military personnel are also very involved in mariculture in an attempt to secure sources of protein in their daily diets, in addition to the cultivation of plants for therapeutic uses that make up 70 percent of the medicines used by the units. In this way, the Cuban FAR is trying to become one of the less costly institutions of its type in the world for the public [word indistinct]. This will help reduce expenditures in the Cuban state's limited budget.

* Editorials Instruct Workers on Discussions

* Neoliberal Ideas Rejected

94CA0067A Havana TRABAJADORES in Spanish 17 Jan 94 p 2

[Editorial: "Political, Economic Situation and Finances"; for related reporting on this topic see FBIS-LAT-94-016 p. 3]

[Text] The first discussions have begun among labor union leaders and workers to analyze the country's economic situation and the way the resulting financial imbalance is affecting it.

In this process, it is clear that the basic intent is to examine, from the standpoint of each workplace, the true causes of economic inefficiency and its impact on the financial imbalances, and to suggest methods of combining economic and political considerations in the actions the country must undertake.

Stimulated by the call of their union leaders, the workers must be cognizant of their active role in the country's economic reorganization, and must be willing to accept the financial measures that are ultimately adopted, even if they involve some sacrifice.

It is obvious in these discussions that the most important thing in our economy is to be efficient in every possible way, and the only reasonable means of achieving that goal is to cut costs, boost labor productivity, and get the most out of the inputs we have.

With the authority of those who do not abandon their posts, the speakers are demanding more than ever before that we maintain a high degree of labor discipline, which at a time like this depends on attitude, awareness of social duty, and patriotism. What is at stake, more than anything else, is the defense of the workers' most genuine interests.

We must not wait for any external measure, but must adopt those measures we can implement right now to make our economy more effective. Those measures are in areas where we have raw materials and where the productive processes have not been halted and top-quality service is being provided for the country: the sugar harvest, sugarcane and agricultural production, fishing, mining and mineral processing, tourism, pharmaceuticals, science centers, and vital activities such as health and education, among others.

Few imaginable financial proposals do not involve real or apparent conflicts of interest or differences of opinion.

Thus, when a worker proposes to raise the prices of certain products, another worker may remind him that there are relatively low wages in a wide range of occupations, while a third may argue that it would be better to accept increases in certain items that the family budget can afford rather than having to pay for vital services such as education and health, which are difficult to pay for on an individual basis. As it is better to give subsidies to low-income people than to subsidize the sale of products at below-cost prices, another will explain how difficult and complex such subsidy mechanisms are.

Among the workers' concerns are the intolerable presence of crime, its relationship to the black market, and its impact on social and labor discipline. The workers want to find ways of eliminating the theft and diversions that are driving up costs, demoralizing the collectives, and enriching money hoarders and traffickers. They demand that the authorities take drastic measures that will set an example at all levels.

In connection with the above, they have expressed the need to readjust and properly enforce the financial requirements for collections and payments between enterprises. The present situation is in fact promoting a lack of discipline and may actually cover up crime. In any event, the workers and their unions must monitor efforts in the field to solve this problem.

Another frequent topic of discussion is the tax system: what it consists of, how it may be expanded, what economic activities may be sources of additional funding for the state, and how citizens can increase their support for it.

These and other issues are debated. The fact is that the workers are fully involved in the consideration and solution of the problems that affect them the most.

After four years of heroic resistance, the people of Cuba are entering a phase that is in significant ways more aggressive in the struggle to safeguard the sovereignty of the fatherland and the socialist nature of the revolution.

It is hoped that in 1994, signs of economic recovery will be seen in some vital activities and areas of production, thanks to the process of financial adjustment based on a high degree of political consensus.

Once again, we hail the wisdom of the National People's Government Assembly in postponing decisionmaking and categorically denying that the intent is to formulate a so-called "packet of measures."

The truth is that the idea of a "packet of measures" smacks of Third World capitalism, of neoliberal policies under which the workers wake up one day to the news that prices have skyrocketed, enterprises are being privatized and half the employees are to be laid off, wages are falling, and social benefits have been abruptly eliminated.

Reality forces us to make an economic adjustment, but we will do it in the socialist way, the Cuban way, with democratic formulas that are truly unimaginable for other societies.

We are aware, of course, that the harsh situation of an economy that has had to withstand devastating blows, as ours has, causes many people to lose their patience and to yearn for "rescue measures."

Considering the complexity of our problems, however, we realize that it is naive to expect that measures can act like a magic wand, graciously granting every wish.

We urgently need to improve our economic efficiency, but we must not rush into technical solutions without first reconciling them with their political repercussions.

Hence the importance of continuing to expand and improve this democratic and educational process that is so aptly named the Workplace Parliament, without allowing the slightest hint of ritual or formalism to taint it.

The workers' voice must be heard loud and clear everywhere.

It is imperative that management be forthcoming with accurate information so that the economic and financial situation of each workplace can be assessed.

Trade union leaders must devote their energies to carrying out this lofty political task, the true path to the economic efficiency that Cuba needs to triumph.

* Straightforward Talk Urged

94CA0067B Havana TRABAJADORES in Spanish 24 Jan 94 p 2

[Editorial: "A Packet of Measures We Should Adopt"; for related reporting on this topic see FBIS-LAT-94-016 pp. 4, 5]

[Text] The Cubans, who, as we have said more than once in these editorials, possess wonderful virtues, may sometimes allow themselves to be overcome by a defect summed up in the popular expression, "lamp in the street, darkness at home."

Thus, there now may be labor collectives full of the most diverse and well-reasoned opinions on the steps our government should take to straighten out the country's finances, yet they have given little thought to the problems, weaknesses, and errors that plague their own daily work.

This seems to be a good time, then, to emphasize the importance of the first point on the agenda of the Workplace Parliament assemblies. It is none other than the economic and financial problems of each particular place. We have already observed in the initial preparatory meetings a tendency to devote less energy and time to debating internal affairs, and to pay more attention to the exchange of opinions on what the entire country should be doing. It would be a mistake to be taken in by the false notion that the second point is more important, while the first one is just a formality with no practical purpose.

The financial imbalances that currently affect the national economy can only be solved by taking action on both sides of the supply-demand pair, and it is in workplaces where supply is created. It is also there, given the difference between what is spent and what is received from selling services or products, where the scale can be tipped toward one side or the other of the aforementioned pair.

Thus, the most decisive measures will not be the general ones taken to eliminate the consequences of the financial imbalance, but rather those that are undertaken to eliminate the cause of it, which is basically the fact that in the past few years there has been much more money than goods circulating in the national economy. If we were to take only general measures to reduce excess demand by removing money from circulation, we would not solve the underlying problem. The real solution lies in achieving a proper balance between what is produced and what is spent at the workplace.

For this reason, it would be illogical to have a brilliant discussion at an enterprise, establishment, or shop, with impressive knowledge of the cause and laudable proposals for what the country should do to improve its finances, and then to have a discussion of internal affairs that involved no pain and no gain, or rather, more pain than gain.

Just as we reject the idea of a "packet of measures" hitting the entire national economy at once, with equal fervor we appeal today to all workers, to their union leaders, and to managers to draw up their plans for the economic and financial reconditioning of each unit.

For this purpose, any self-respecting management should present to the assembly a true economic analysis of the operation of the workplace, including specific proposals for making improvements.

This report should not be written by anyone other than the principal administrator of the unit.

The purpose of the report is to spark a debate and to propose courses of action. Therefore, the kind of account that is full of incomprehensible jargon and weighed down with details that hide the essential truth, the kind that is bred naturally by incompetence, is to be avoided.

These reports should avoid taking a tone of either self-pity or praise; otherwise, the assemblies would become mere recitations of calamities, or celebrations of partial success. In neither case would they address the issue of what could have been done better and what failed to be done.

We caution that, from the standpoint of the workers and their union representatives, efficiency is not always indicated by the fulfillment of the plan. We know full well that there are plans that are rotten with paternalism, whose figures take into account not only limitations on raw materials, energy, and labor resources, but also major components of administrative inefficiency that we are trying to combat.

It is important for workers, when discussing the first point on the agenda of the Workplace Parliament assemblies, not to allow the debate to get off track and focus on the impact other workplaces have on their own. In one of the initial meetings, we saw workers bitterly blaming the suppliers of a certain raw material, while little or nothing was said of the well-known fact that large quantities of that valuable and scarce resource tend to be lost somewhere between the warehouse and the assembly line.

These discussions also must be protected from the tendency to complain about the prices that are paid for certain goods and services. Without denying that there are errors in the setting of some prices, the fact is that real efficiency is not achieved by demanding better prices, but by cutting costs.

And it is precisely this issue of costs, together with the quantity and quality of production and services, that should lie at the heart of the plan to be adopted at each workplace to improve economic efficiency.

It is possible that not every place will have a cost system that allows for an analysis based on the economic performance of a workplace. Therefore, the first agreement, the first measure that must be taken in these places, is precisely to create such an instrument to at least indicate the principal expenditures involved in every peso of goods produced. Beyond the limitations imposed by the current economic situation in many centers, what lies behind those unmeasured expenses is order or disorder, discipline or laxity, rigor or leniency, controlling resources or diverting them, talent or mediocrity in the administration, a spirit of struggle or a sense of indifference, responsibility or negligence, shoddiness or excellence.

Hence the importance of the first point on the agenda of the Workplace Parliament assemblies that will take place in tens of thousands of production or service units.

If each one of these places takes a step forward, a great deal of progress can be made merely by compounding positive actions.

Then the influence of the overall measures, those taken all over the country, will be felt in the best possible way. These measures can be truly effective only if action is taken in the workplace.

Haiti

Cedras Convening of Senate Postponed to 23 Feb

FL2302175394 Port-au-Prince Signal FM Radio in French 1130 GMT 23 Feb 94

[Text] The Senate of the Republic will be convened anew. On 22 February, the Army commander in chief, General Raoul Cedras, did not answer the invitation of the alternative office of the chamber led by Senator Bernard Sansaricq. This invitation was reported; the session has been postponed to 23 February at 1100. Sen. Thomas Eddy Dupiton says that all the country's authorities are concerned about the Haitian situation and must look for a solution to the crisis. Sen. Dupiton asked Gen. Raoul Cedras to guarantee the safety of the legislators. We should say that this session was punctuated with nationalist speeches.

For her part, Sen. Margareth Martin asked the parliamentarians to fill the vacuum of the executive power—the vacuum created by the resignation of Prime Minister Robert Malval.

Aristide To Visit France, Meet With Mitterand

FL2302181894 Port-au-Prince Signal FM Radio in French 1130 GMT 23 Feb 94

[Text] Exiled Haitian President Jean-Bertrand Aristide will make a four-day private visit to France beginning 26 February. Notable activities during the visit will be meetings with French President Francois Mitterand and Foreign Affairs Minister Alain Juppe. This is what the Haitian Embassy in Paris said on the evening of 22 February. President Aristide will participate in an international colloquium for the fight [as heard] of Abbot Pierre, the founder the (Emaus) Charity Association organized under UNESCO.

Mr. Aristide, who was overthrown by a military coup d'etat in September 1991, rejected last week a plan, presented by Haitian parliamentarians, to unravel the current crisis. This plan, which is implicitly supported by UN Secretary General Butrus Butrus-Ghali and which enjoys the support of Washington, provides notably for the appointment of a new prime minister, the early retirement of Army Commander in Chief General Raoul Cedras, and the installation of a new government of concord.

Aristide 'Greatly Saddened' by Refugees' Ship Capsizing

FL2302221394 Port-au-Prince Signal FM Radio in French 1130 GMT 22 Feb 94

[Text] Haitian President Jean-Bertrand Aristide said on 21 February that he was greatly saddened by the murderous wreck of a boat carrying Haitian refugees off the Bahamas. Only three persons survived the 20 February wreck of a ship carrying between 20 and 40 Haitians, according to U.S. authorities. Five bodies, including those of a woman and four children, have been recovered.

In a communique, President Aristide, who is in exile in Washington, called on the international community once again to reinforce the sanctions against Haiti to compel the military to leave power. The sanctions are necessary and should have been applied a long time ago, the Haitian president wrote. Those who are supporting democracy in Haiti should show firmness, asserted President Aristide, adding that the authors of the coup d'etat must not be rewarded for barbarous actions.

Legislative Faction Calls for Unity To Pursue Democracy

FL2302190194 Port-au-Prince Radio Metropole in French 1145 GMT 23 Feb 94

[Excerpt] The Parliamentary Bloc of the National Front for Change and Democracy, BP-FNCD, is searching for unity. The principal leaders of the bloc who are currently in Washington, officially invited the members and political allies to join the party's leadership in its new position. In a letter addressed to the legislators in favor of the return of President Aristide, the bloc is inviting them to reunite, to close ranks in order to pursue together the struggle for democracy. This letter is addressed particularly to Senator Yvon Gislain and two FNCD deputies who approved a first plan for a solution to the crisis, siding with some legislators from the opposition. One FNCD ally, Deputy Samuel Madistin, who severely criticized the plan supported by the Americans and the United Nations also rose up against the initiative of the legislators without a mandate who are trying to involve the Legislative Branch as a whole. Deputy Madistin ascribes this plan to a vast international plot. [passage omitted]

Legislator Supports Aristide Stand on Prime Minister

FL2302181994 Port-au-Prince Signal FM Radio in French 1130 GMT 23 Feb 94

[Excerpts] According to Deputy Jean Mandenave, who is supporting the president's stand on the possible appointment of a prime minister, the reactivation of the Governors Island agreement is the only solution. Deputy Mandenave condemns the international community which is putting pressure on President Jean-Bertrand Aristide while the Army is acting as it wishes, at the same time labelling the parliamentarians' trip to Washington as a dilatory maneuver.

[Begin Mandenave recording in Creole] [passage omitted] I remain convinced that it is necessary to have a government that is not a government of resignation. The current government has resigned. A government cannot spend all its time dealing with the day-to-day business of the state. But the path must be cleared before the president appoints a prime minister. General Cedras must step down first. Everybody knows that the Malval government failed because the Army and the Revolutionary Front for the Promotion and Progress of Haiti members prevented it from functioning. [end recording]

Furthermore, Deputy Mandenave says he is expecting nothing positive from the dismissal [corrects himself] sorry, from the other office of the Senate at the initiative of Sen. Dupiton. In the opinion of Deputy Mandenave, that is nothing more than a meeting between friends. [passage omitted]

Caputo, Butrus-Ghali Reported Supporting Legislators' Plan

FL2302222894 Port-au-Prince Radio Metropole in French 1700 GMT 23 Feb 94

[Excerpts] Mediator Dante Caputo supports the settlement plan to solve the Haitian crisis, presented last week in Washington by Haitian legislators of various leanings. This miniplan is not global, he says, and does not replace the Governors Island accord; but it constitutes a significant development because it was suggested by both opponents and supporters of Aristide. This statement was made by Caputo during a press conference on 22 February at the UN Headquarters. [passage omitted]

It should be noted that this plan, which was rejected by President Aristide, is supported by the United States and provides for the nomination of a new prime minister, the anticipated retirement of the Army commander in chief, and amnesty for the military who overthrew Jean-Bertrand Aristide in September 1991.

In a letter addressed on Sunday to the UN Security Council, Secretary General Butrus Butrus-Ghali implicitly supported the plan of the Haitian legislators. Caputo said that he was waiting for President Aristide's response to the legislators' initiative that was communicated to the UN secretary general during the past weekend. However, during a meeting [illegible] Washington with the legislators last week, Presid[illegible] Aristide had rejected the plan which does not set [illegible]ctive date for his return to power.

Some of his concern[illegible] totally legitimate and we think that the international community could answer to them, states Caputo.

The mediator noted Jean-Bertrand Aristide's cooperation while specifying that the president in exile is concerned about the means implemented in order to overcome the deadlock and the necessity to avoid the kinds of experiences which in the past did not yield the expected results, he said.

On 21 February, President Aristide once more asked the international community to reinforce the sanctions against Haiti in order to compel the military to leave power.

Mediator Caputo considered that the international sanctions are a means to favor a solution to the crisis and not a solution in themselves. However, he added that if the nondemocratic sectors in Haiti continue to block the situation, new sanctions will probably be imposed by the Security Council.

FNCD Issues Plan for Solution To Crisis

FL2302191094 Port-au-Prince Radio Metropole in French 1145 GMT 23 Feb 94

[Text] A new element was introduced on 22 February in the Haitian political crisis. The National Front for Change and Democracy, FNCD, made public in Washington on 22 February a proposal for a solution to the crisis. A plan issued after a plenary session by some parties and organizations close to the FNCD was thus presented to the UN secretary general. In this document the FNCD legislators repeated, but in a different order, the priorities and the steps necessary to put an end to the political crisis. The FNCD plan, which does not indicate a specific date for the return of President Aristide, provides in point seven the process for his return. Regarding the nomination and the installation of a new prime minister, the FNCD advocates in this plan, first a vote on some essential laws including the one on amnesty and the retirement of General Raoul Cedras. In presenting this plan on 22 February, Senator Turneb Delpe, the FNCD spokesman, guaranteed that a large sector of national political opinion supported him. Senator Turneb Delpe presented the various points of this plan advocated by the FNCD:

[Begin recording] [Delpe] A vote on the laws: a) Amnesty; b) Separation of the police from the Army; c) international cooperation; 1.2 [number as heard]: anticipated retirement of Gen. Raoul Cedras; 1.3: Nomination and ratification of a new commander in chief of Haiti's Armed Forces; 1.4: Nomination and ratification of a new prime minister; 1.5: Formation of a government of national concord; 1.6: Suspension of the sanctions; 1.7: Return of President Jean-Bertrand Aristide; 1.8: Lifting of the sanctions. Resolution 2: A delegation of political leaders and FNCD legislators will go to Washington to promote this realistic compromise to President Jean-Bertrand Aristide and the representatives of the international community. [Reporter Clarence Renois, in Creole] Senator Delpe, did you discuss this plan with President Aristide and what is his position on this proposed plan? [Delpe, in Creole] We did not make the plan public yet because we wanted to discuss it with him. Generally speaking, we can say that he does not have much objection to it, although he has his own opinion. When he examines it he thinks that there will be some sequences he disagrees with, since he feels that the anticipated retirement of Gen. Raoul Cedras must come before the nomination and ratification of a prime minister. [end recording]

Potential Closure of Radio Lumiere Due to High Oil Prices

FL2302221494 Port-au-Prince Signal FM Radio in French 1130 GMT 22 Feb 94

[Excerpt] A cessation of activities is imminent at Radio Lumiere. The very high cost of oil products has prompted the officials of Radio Lumiere to consider ceasing all activities within two weeks. On 22 February, officials of the Protestant radio station commemorated its 35th anniversary by calling on evangelical Christians to make financial contributions so the radio station can continue its broadcasts. Raymond Exume, general manager of the satellite stations of Radio Lumiere, says he considers a shutdown of Radio Lumiere a failure that will have consequences for the entire Haitian evangelical community. [passage omitted]

St. Vincent and the Grenadines

Correction to NDP Wins General Election

FL2302121494

This correction pertains to the item headlined "Mitchell, NDP 'at the Helm Once Again'" which appeared in the 23 February Latin America DAILY REPORT, page 9:

Column two, paragraph four, last sentence make read: ...candidates are newcomer Louis Straker who won the... (correcting spelling of name)

Same paragraph, same sentence to paragraph five, first sentence make read: ...candidate Herbert Young. [new graf]

[Straker] Our young people... (correcting spelling of name)

Industry Preparing To Compete With Mexico, NAFTA

PY2202184994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Feb 94 p B5

[Article by Salete Silva]

[Text] Brazilian exporters are preparing to compete with Mexican producers, who will benefit from NAFTA—the trade agreement among the United States, Mexico, and Canada. The agreement will be implemented in March and Brazilian entrepreneurs say problems will probably begin to get serious within three or four years. The entrepreneurs explained that the Mexicans will have to streamline their industries and improve their competitiveness in various areas. Nearly one fifth of Brazilian exports are sent to the United States.

Spare-part manufacturers are studying possible associations with Mexican companies. Textile industries are investing in new technology. Orange juice and shoe producers are seeking new markets in other areas, among them the EC and Mercosur [Common Market of the South].

Claudio Vaz—the president of the Vehicles Spare-Parts and Components Industry Union, Sindipecas—said Brazilian companies may lose more than their markets, they might also lose investments if U.S. head offices spend the funds assigned for their Brazilian branches in Mexico.

For this reason Vaz wants to close some industrial cooperation agreements with Mexican companies before March, as it was done in Argentina. Of the total exports of spare parts producers, 38 percent—or $871 million worth—go to the United States, the largest importer of Brazilian spare parts. Mexico, meanwhile, takes 11 percent, or $250 million worth. Vaz anticipates the industry will export at least 10 percent more this year, and total sales are estimated to reach $2.5 billion.

According to news that leaked out last week, the Mangels company, a wheel manufacturer, is planning to invest nearly $15 million in the purchase of a U.S. company. Directors of the company believe the deal is the best way to increase its competitiveness when NAFTA starts operating.

Orange juice exporters believe NAFTA is just one more reason for companies to seek new markets. Orange juice producers export nearly 30 percent of their total output to the United States. At the beginning of the 1980's, orange juice exports to the United States represented 50 percent of the industry total output but for some time now producers have increased their sales to European countries.

Orange juice entrepreneurs believe the United States will always be an important Brazilian orange juice client. One Brazilian exporter said orange plantations in Mexico are not well developed and their processing methods need to improve. He added that the quality of the Brazilian product has been tested and approved by the U.S. market.

Another factor favoring Brazil is low production cost. Brazil spends a lot less on labor, irrigation, and drainage. A box of orange costs nearly $1 in Brazil. In the United States the same box costs at least $2.20.

Sebastiao Burbulhan, president,of the Sao Paulo State Shoe Industry Union, has said that shoe exporters will also invest more in new markets, such as the Mercosur market. The largest share of their exports—69.3 percent of the $2 billion exported annually—go to the United States. Burbulhan said the industry is most concerned about U.S. threats of sanctions due to the problem of patents. "Sales enquiries are less frequent," Burbulhan said.

The textile industry is also preparing to face competition from Mexican products. Luis Americo Medeiros, president of the Sao Paulo State Textile Industry Union, has said that last year companies invested $600 million in importing machinery and equipment.

Chiapas Talks Continue Behind Closed Doors

PA2302145194 Mexico City Canal 13 Television Azteca Network in Spanish 1304 GMT 23 Feb 94

[From the "Good Morning from Mexico" newscast]

[Text] On Tuesday at the cathedral of San Cristobal de las Casas, Peace Commissioner Manuel Camacho Solis and members of the Zapatist National Liberation Front [EZLN] continued their negotiations behind closed doors. The dialogue is moving forward and the prospects for resolving the conflict are good.

At a news conference, San Cristobal Bishop Samuel Ruiz announced the EZLN had presented its list of demands to the federal government's representative, who in turn provided broad answers. Ruiz, however, did not disclose any of the EZLN's specific requests.

Meanwhile, Subcommander Marcos explained the reasons for his struggle. He criticized society for having forgotten the Indian community and asked society to remain at the EZLN's side.

When his turn came to speak, Commissioner Camacho said the only way to resolve Chiapas' problems is by strengthening the Republic's institutions. He pointed out that a peaceful solution for Chiapas will be found in new answers for the state, not only for the EZLN but for society as a whole.

Rebel Leader Reportedly Agrees To Avoid Nationwide Issues

PA2402022894 Mexico City Radio ACIR Network in Spanish 0000 GMT 24 Feb 94

[From the "ACIR Radio News" newscast]

[Text] Subcommander Marcos has admitted he is the Zapatist National Liberation Army [EZLN] general commander. Well, at least this is what Manuel Camacho [the commissioner for peace and reconciliation in Chiapas] called him. Commander Marcos, or subcommander if you prefer, who has become a full-fledged legend, today answered questions posed by domestic and international reporters during a news conference that lasted nearly two hours.

Today, Commander Marcos got up early, invited radio reporters to come over to the San Cristobal de las Casas Cathedral, and talked with them from 0700 to 0900. The subcommander said he would talk about any issue presented by reporters, but he ended up saying what he wanted. He asserted that the achievement of democracy in Mexico has to start with the will of the entire nation and that national issues cannot be agreed upon at the San Cristobal de las Casas bargaining table. In this way, the subcommander changed his position from the one he held after the first peace and reconciliation meeting. At that time, and contrary to Camacho's position, Marcos stated that national-level issues would be included in the agenda. It seems Camacho has won yet another point.

Poll Shows Increased Voter Support for PRI's Colosio

PA2402040094 Mexico City Radio ACIR Network in Spanish 0030 GMT 19 Feb 94

[From the "ACIR Radio News" newscast]

[Text] Federico Reyes Heroles, editor of the monthly magazine ESTE PAIS, recently sent us the results of a public opinion poll sponsored by the magazine he heads together with Mr. Miguel Basanez. According to the poll, which was prepared by the Mexican consulting firm Moti, four basic questions were posed to people throughout the Mexican Republic. The poll was conducted in the Federal District, Monterrey, Guadalajara, Tijuana, and Merida

The questions included:

1. Who do you prefer most, Manuel Camacho Solis or Luis Donaldo Colosio?

2. What is your opinion with respect to Zapatist National Liberation Army leader Subcommander Marcos?

3. Which of the presidential candidates do you expect to vote for on 21 August 1994?

4. Do you believe the people's vote will be respected in the upcoming elections?

This random-sample poll was conducted on 11 February, and, according to the fax sent by Federico Reyes Heroles, the interviews were conducted in person and publicly. The poll was sponsored by the monthly magazine ESTE PAIS, and it included interviews with 320 people. The margin of error is approximately 6 percent with a 90 percent statistical reliability.

Let us take a look at what the public had to say with respect to the four questions I already mentioned.

First, who do you like the most, Camacho or Colosio? In addition to this question, the respondents were also asked to which political party they belonged or sympathized most. Nearly 43 percent of those who selected Luis Donaldo Colosio replied that they were members or supporters of the Institutional Revolutionary Party [PRI], while 23 percent indicated that they liked Camacho as well as Colosio. In addition, 18 percent pointed out that they preferred Manuel Camacho Solis, commissioner for peace and reconciliation in Chiapas. Meanwhile, 11 percent of those who said they were PRI members or supported the party stated they did not like either man.

Of the 320 people polled, there were also those who said they were either supporters or members of the National Action Party [PAN]. Here, we begin to observe drastic changes in preferences toward Camacho and Colosio. Of the PAN members interviewed, 18 percent expressed more inclination toward Manuel Camacho Solis, while 16 percent stated their preference for Luis Donaldo

Colosio. At the same time, 34 percent of the PAN members interviewed expressed equal support for both men, while 32 percent said they did not support either.

Finally, 17 percent of the PRI members and supporters polled said they preferred Camacho, 11 percent said they preferred Colosio, 23 percent said they liked both men equally, and 43 percent indicated they did not like either.

The poll also included some citizens who did not identify themselves with any political party. Of this group, 16 percent said they preferred Luis Donaldo Colosio, 12 percent selected Manuel Camacho Solis, 34 percent said they liked both men equally, and 30 percent said the did not approve of either.

While it is quite interesting to note how the Mexican people feel with respect to Manuel Camacho Solis and Luis Donaldo Colosio, according to this poll released by ESTE PAIS magazine, there are still three more questions to consider.

The people polled were also asked their opinion of Subcommander Marcos. Overall, 30 percent of those interviewed said they held a poor opinion of Subcommander Marcos, 27 percent said they did not have a good or bad opinion, 24 percent said they had a favorable opinion, and 19 percent said they did not know.

With respect to the third question of how each person polled would vote on 21 August, 35 percent said they did not yet know or did not want to say, 33 percent said they planned to vote for Luis Donaldo Colosio, 17 percent said they planned to vote for PAN Candidate Diego Fernandez de Zevallos, and 14 percent said they intended to vote for Cuauhtemoc Cardenas, candidate for the Party of the Democratic Revolution.

What is really interesting in all of this is that, if we compare this poll with earlier polls, we observe several things: First, Luis Donaldo Colosio's popularity has increased from 28 percent to 33 percent. Second, PAN candidate Diego Fernandez de Zevallo's popularity has increased dramatically from 11 percent to 17 percent. Meanwhile, Cuauthemoc Cardenas' popularity has fallen noticeably from 11 percent to 14 percent. I repeat, all of this is in relation to an earlier poll conducted on 11 February.

In conclusion, let us examine the results of the final question as to whether or not the election results will be respected. What do you think the people answered? Of those polled, 43 percent indicated that they did not believe the election results would be respected, 34 percent said they believed the results would indeed be respected, 17 percent did not answer, and 8 percent said they did not know. Interesting, huh?

Roundup of Economic Developments 22 Dec

PA2302161594

[Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 22 February.

At a meeting with Mexican and foreign businessmen in Guadalajara, Commerce Secretary Jaime Serra said that foreign investments in Mexico in the past five years amount to over $40 billion. He noted that in 1993, $15.6 billion entered Mexico in the form of capital investments. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 9 Feb 94)

According to financial experts, in the past five years, the purchasing power of the Mexican currency dropped by 65.7 percent. (Madrid EFE in Spanish 2042 GMT 15 Feb 94)

According to a report presented by the Finance and Public Credit Secretariat, in 1993 Mexico had an 8.243-billion-new-pesos surplus, or 0.7 percent of the GNP. This allowed the government to reduce its public debt. (Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 16 Feb 94)

According to a report by Finance and Public Credit Secretariat, Mexico's foreign debt at the end of December 1993 was $78.747 billion. This represents 21.4 percent of the country's GNP. The foreign debt of the public sector was reduced by $346.2 million. The domestic debt was $40.8184 billion, showing a 24.4 reduction when compared to December 1992 figures. Government expenditures on the social sector at the end of 1993 were $34.265 billion—10 percent more than the previous year. (Madrid EFE in Spanish 2053 GMT 16 Feb 94)

The Finance and Public Credit Secretariat has reported that Mexico's trade deficit decreased by 15.1 percent in 1993 as a result of an increase of 12.2 percent in Mexican exports. According to that office, in 1993, Mexico exported products worth $51.833 billion and imported $65.368 billion. The country's oil revenue in 1993 was $7.365 billion, or 11.3-percent less than in 1992. (Paris AFP in Spanish 0916 GMT 19 Feb 94)

The Commerce and Industrial Development Secretariat reported today that during the month of January, Mexico attracted foreign investments amounting to $2.37 billion, a figure without precedent in the country's economic history. The United States was the main foreign investor, accounting for 71.5 percent of the total. (Madrid EFE in Spanish 0011 GMT 20 Feb 94)

The Finance and Public Credit Secretariat has reported that Mexico's GNP grew by 0.4 percent in 1993, the lowest growth in the past five years. The mining sector grew by 1.1 percent and construction by 3.1 percent. The manufacturing industry's growth rate was minus 1.5 percent; textiles, clothes, and leather was minus 7.4 percent; and the timber industry was minus 10.1 percent. (Madrid EFE in Spanish 1816 GMT 21 Feb 94)

Official sources reported today that in 1993, the average daily marketing of Mexican oil-by-products was 1.4394 million barrels. This represents a 1.3-percent increase over the previous year. A report by Mexican Petroleum indicates that the daily marketing of gasoline was

488,600 barrels; diesel, 240,800; liquid gas, 245,600; and aviation fuel, 42,700 barrels. (Mexico City NOTIMEX in Spanish 0118 GMT 21 Feb 94)

It was reported in Mexico City on 21 February that in 1993 Mexican Petroleum obtained a daily average of $6.485 billion through the sale of its three types of oil. The Istmo type produced $1.555 billion, with the daily sale of 262,300 barrels; the daily sa?e of Maya type oil was 856,700 barrels, for $3.574 billion; and an average daily production of 218,500 barrels of the Olmeca type, which is sold on the American continent, produced $1.356 billion. (Mexico City NOTIMEX in Spanish 0328 GMT 22 Feb 94)

El Salvador

Cristiani on FMLN Election Fraud Charges

PA2302173594 San Salvador EL DIARIO DE HOY in Spanish 19 Feb 94 pp 5, 30

[Text] President Alfredo Cristiani has declared that the FMLN [Farabundo Marti National Liberation Front] is denouncing the electoral process because it feels it will be defeated in the general March elections. It is unacceptable that they are denouncing at this time the possibility of fraud in an event which, like the elections, is still being organized. "We are all observing how the Supreme Electoral Tribunal is working and to report fraud is rather ridiculous. I am inclined to think that what the FMLN is seeking is international publicity," the president stated.

Cristiani recalled that the Mission of UN Observers for El Salvador (Onusal) is overseeing the process. "Perhaps the FMLN already feels defeated," he stressed. Meanwhile, Cristiani rejected FMLN statements that the government had not consulted with it on the recent Peace Culture Forum. FMLN Coordinator Shafik Handal said "the Peace Culture Forum, organized by the government in coordination with UNESCO, lacks legal validity because the FMLN was not taken into consideration during its planning."

President Cristiani stressed that "the government did not need to consult with a particular sector on all its actions. In the case of the FMLN, consultations could have been made during the peace negotiations, but that is over now. FMLN members have formed a political party, like other groups, and must act accordingly. Let Shafik Handal make a big fuss, poor Shafik, but the government should not have to inform him of every one of its actions," the president highlighted.

Cristiani pointed out that the organization of the Peace Forum was supported by different groups. He added that even an international assembly held last year in Salvador Bahia, Brazil, agreed to support El Salvador in holding that event. Cristiani made the aforementioned statements at the Camino Real Hotel, after participating in the inauguration of the National Seminar of Science and Technology, organized by the National Council of Science and Technology with the assistance of the Chamber of Commerce and Industry of El Salvador.

FMLN Leader Claims Weapons Seized by Army Found in Chiapas

PA2302180394 San Salvador DIARIO LATINO in Spanish 19 Feb 94 p5

[Excerpts] (Francisco Jovel Roberto Roca), one of the highest leaders of the FMLN [Farabundo Marti National Liberation Front], has claimed that weapons seized from the FMLN during the war have turned up in Chiapas State, Mexico. In addition, he noted his concern that those weapons will fuel crime and international gunrunning. "We continue to insist the government has not given a satisfactory explanation of the weapons, thousands of rifles and other war material, it seized from the FMLN, which the Army has not shown nor have they allowed the government to have some control over the number of weapons," Roca indicated. Regarding FMLN concerns, he said "for us, that is very dangerous because we have learned that weapons of that kind were found in Chiapas. Weapons that the Army reported capturing from the FMLN have turned up elsewhere. We are concerned that those weapons are serving to fuel gunrunning in the region." [passage omitted] Roca affirmed international institutions share the FMLN concerns. "We have talked at length with different government representatives. We insist, however, that the Salvadoran Government, in a stubborn manner that does not contribute to peace, is refusing to allow an inspection of those weapons." FMLN leaders dismissed reports it supplied weapons to Mexico's Zapatist National Liberation Army. [passage omitted]

Roca also denied there are armed groups unhappy with the elections results. Commenting on this matter, he noted that "they can say anything, but the truth has prevailed over any kind of campaign they may conduct along those lines. There are no weighty reasons that can justify the government's speculation. It will be just the opposite because the elections will hand the FMLN a significant share of institutional power, if not the majority, in the political environment, and just about all those who were active during the war and the many thousands who have joined the FMLN now as a political force know that."

Roca reiterated that the weapons topic is "simply and plainly a propaganda tactic used to hurt the Front at the polls. In fact, they, the ones who are orchestrating this campaign, know full well that what they are saying is a big lie, but these people are used to conducting campaigns on what they refer to as psychological warfare. They have not given up on that effort, which is regrettable, is it not?"

Former UN Secretary General on Peace Culture Forum

PA2302172894 San Salvador LA PRENSA GRAFICA in Spanish 19 Feb 94 p 5

[Text] Peruvian Javier Perez de Cuellar, former UN secretary general, yesterday said that the international community's contribution is important to the solution of a conflict or the strengthening of peace.

Nevertheless, he added that internal efforts should also exist, such as the strengthening of civilian society through the mobilization of intellectuals, the establishment of independent and impartial media, associated networks for education in human rights, and the formation of democratic citizens.

At the outstanding congress "International Contribution for the Culture of Peace," Perez noted that foreign contributions should not only be through the sending of peacekeeping forces, rather it should also include assistance to the communities for economic, social, and cultural development. Last Wednesday Dr. Perez, who was honored with the "Jose Matias Delgado" order by President Alfredo Cristiani for his contributions to peace in El Salvador, said: "True peace can only be based on the elimination of the injustice that unleashed and later fueled violence."

During his speech, the Peruvian recalled the occasion when the government and the FMLN [Farabundo Marti National Liberation Front] concluded their negotiations in New York on 31 December, 20 minutes after his mandate as UN secretary general expired. Several weeks later, this led to the signing of the Peace Agreements in Chapultepec, Mexico. Perez explained: "What is currently needed is for El Salvador to immediately become the spokesperson for peace beyond its borders and to use the painful memories of its own sufferings to help other nations avoid or remedy the same. It is not a matter of denying the existence of or the unavoidability of differences. Rather, it is a matter of showing the bloody world of the former Yugoslavia, or the Middle East, or Africa, that peace is the sole viable solution; not the peace of the cemeteries nor of tyrants."

The former UN secretary general noted that the true international contribution to the culture of peace is the one that shows respect for human rights founded on justice, liberty, coexistence, and civil cooperation.

The First International Forum on the Culture of Peace held in the country between 16-18 February, assembled 14 nations that are currently engaged in armed conflicts as protagonists, 80 nations as observers in addition to local and foreign organizations. The event—organized by the government and UNESCO—was a success despite the inconveniences, Cecilia Gallardo de Cano, education minister said yesterday. "In education and culture one cannot be totally satisfied, but we are excited because it surpassed all expectations. What is important is that a culture of peace be created," she added.

The forum was criticized by some opposition political parties as they considered the date on which it was held was not timely as the elections are at the doorstep and because of the limitations imposed on the media.

Deputies Protest U.S. Decision To Suspend Aid

PA2402034094 San Salvador Canal Doce Television in Spanish 0300 GMT 23 Feb 94

[From the "Up to Date" newscast]

[Text] Opposition deputies today agreed that the U.S. Congress' decision to withhold economic aid for El Salvador Congress is unfair. Congressman John Joseph Moakley announced that the United States will withhold $20 million of annual aid to pressure the Salvadoran Government to investigate a sizable swindle conducted by a domestic bank.

The opposition deputies do not agree with the U.S. Congress' decision to withhold aid in light of a swindle that took place in a domestic bank more than six years ago. Jorge Avear of the PDC [Christian Democratic Party] and Guillermo Guevara of the MAS [Authentic Christian Movement] agreed that it is regrettable that a private matter has a bearing on such U.S. decisions, because this falls outside the purview of foreign policy.

[Begin recording] [Unidentified speaker] What happens in a bank is clearly a financial matter; it is not related to the central government's actions. It does not seem logical to me to say that because this incident took place and has not been cleared up that economic aid should be suspended. It is not fair, suitable, or appropriate for an entire nation to be punished by denying the aid it needs because of a private matter that, to a great extent, is criminal in nature. [end recording]

The $30 million swindle took place at a domestic bank when the PDC was in power. In the case, the swindle involved a number of companies, including some shrimp harvesting companies, that received credits without giving any guarantees when the financial system was controlled by the state. This situation prompted the suspension of U.S. aid to El Salvador, according to Congressman Moakley. Deputy Juan Jose Martell said this situation exposes a larger problem.

[Begin recording] [Deputy Juan Jose Martell] [words indistinct] a problem, $20 million are retained. Our nation's problem is a banking system that does not operate properly. [end recording]

In Martell's opinion the swindle places the national financial system—which, by the way, he does not consider reliable—in a difficult position. According to Martell, this is not the first time that incidents such as these have taken place, recalling the fraud committed by [word indistinct] against the Salvadoran banking system.

Guatemala

State Workers Occupy National Palace; Demand Wage Increase

PA2302192194 Mexico City NOTIMEX in Spanish 1813 GMT 23 Feb 94

[Text] Guatemala City, 23 Feb (NOTIMEX)—Today, approximately 40 state employees occupied the Guatemalan National Palace while hundreds have surrounded the Government House to demand a 40 percent salary increase. The move to occupy to palace, headed by Armando Sanchez, secretary general of the National Federation of State Workers Unions of Guatemala [FENASTEG], is part of several pressure measures being carried out by the workers, who initiated a 72-hour strike today.

Sanchez warned that unless President Ramiro de Leon Carpio holds an "urgent" meeting with the workers, they will not leave the Presidential Palace. The workers at the palace are shouting: "We are not leaving." The presidential guard has been increased in and around the palace but so far there has been no altercations.

Some 3,000 Surround Palace

PA2302211194 Panama City ACAN in Spanish 1954 GMT 23 Feb 94

[Text] Guatemala City, 23 Feb (ACAN-EFE)—Some 3,000 Guatemalan Government employees have blocked access to the National Palace, where they gathered today to demand that President Ramiro de Leon Carpio agree to personally negotiate a 40 percent salary increase.

About 30 labor leaders have entered the Presidential Palace in hope of seeing De Leon, whom they have asked to meet with them to discuss the two-week-old conflict involving some 200,000 government employees. Meanwhile, another group of workers has peacefully occupied the building that houses the Central American Parliament to request that organization's mediation in seeking a resolution to the labor conflict that has entered its third week.

Armando Sanchez, secretary of the National Federation of State Workers Unions (Fenasteg) who is inside the palace, told the press he will not leave until he receives an answer from the president. The police have not intervened, but several units have been deployed to control the demonstrators who marched earlier through several streets in Guatemala City.

Government employees have partially paralyzed several state services, including health services, by staging intermittent work stoppages since the beginning of the month to demand a 40 percent pay raise and to demand the abolition of plans to privatize certain state-owned companies and services.

Labor leaders headed by Armando Sanchez have detained several government employees, among them National Police Director Mario Cifuentes. The labor leaders are not allowing anyone, including reporters, to enter or leave the palace, and dozens of reporters have surrounded the building.

Cifuentes told the press that the removal of the labor leaders is being considered, but he is awaiting orders from ranking government authorities. Meanwhile, Sanchez warned, "We will not leave until we receive a positive answer to our just demands or until the president promises to hold a direct dialogue."

Hector Luna, secretary general of the Presidency, met with a commission of union workers to hear to their opinions, and he told them that De Leon is not in Guatemala City.

According to Sanchez, the measures are intended to press for a 40 percent salary increase and to reject a government-offered bonus of 360 quetzales a year (approximately $62)—a bonus Sanchez calls an "affront" to the workers.

Nery Barrios, one of the top leaders of Labor and Popular Action Union (UASP), told ACAN-EFE that the organization decided to take to the streets and occupy these offices to support the demands of the government workers in light of the government's "hardening" position. According to Barrios, UASP, which belongs to Fenasteg, and the Union of State Workers support the government workers and remain committed to the call for a nationwide strike.

During the demonstration, the workers accused President de Leon Carpio of being "subservient and taking up arms," as well as having "betrayed" the trust given to him when he took office in June 1993.

"As long as there is social injustice, the people will be in the streets. Ramiro de Leon, you will be leading the people to their graves," shouted workers in front of the palace where they are demanding the president's resignation.

Barrios explained that in addition to a 40 percent salary increase, the forceful measures are intended to oppose government-announced sales of state-owned assets. The strike has paralyzed 95 percent of the public administration, according to the leader of UASP, an organization that claims 1 million members.

"We will not end the strike as long as our demands are not met, because the people are starving to death," Barrios insisted.

Meanwhile, Finance Minister Ana de Molina reiterated today that the government is willing to hold talks, but she clarified that the government does not have funds to meet the demands for salary hikes.

De Leon Comments

PA2302201594 Guatemala City Teleonce Television in Spanish 1900 GMT 23 Feb 94

[From the "Telepress" newscast]

[Text] Fenasteg [National Federation of State Workers Unions] leaders today made their way into the National Palace and thus far have occupied the building's first and second floors.

President Ramiro De Leon Carpio, who was not in the palace at the time of the occupation, said he will take strong action against individuals who disrupt public order. In statements at the La Industria park, where he inaugurated the Catholic Fair, de Leon said that he may momentarily order the labor leaders' dislodgement from the palace.

[Begin recording] [De Leon] I will not tolerate illegal actions. This government has been characterized as weak and indecisive but I am going to prove now that it is a government that bases its actions on the law. If their actions are illegal I will request that they be legally dislodged from the National Palace, which is a public building, and I will take drastic action. This is not the way to resolve problems.

Take for example the case of Fenasep [National Federation of Public Employees Unions]; we are talking with them, reasonable proposals have been set forth, they have proposed creative solutions and we have made counterproposals. This is the civilized, orderly, intelligent, nonradical way of dealing with and resolving Guatemala's problems. It is illegal for them to occupy the National Palace and I am going to contact Chimaltenango immediately to ensure that legal actions are implemented. If the labor leaders are conducting themselves illegally, if they are perpetrating a crime, I will have no other choice but to take action.

I do not take action under pressure. I sit down and talk because I have always been a man with a democratic spirit and attitude and I am still proving this. However, I will not tolerate the perpetration of acts that are classified as crimes and if they are perpetrating a crime I will order the Attorney General's Office to use a legal order if necessary to dislodge the labor leaders.

[Unidentified reporter] What is your reaction to the charges of repression leveled against you and your government by Health Ministry employees today in response to yesterday's arrest of certain (?Health Ministry) employees?

[De Leon] Their arrest was not an act of repression.

The law states that anyone who commits a crime must be arrested. They flagrantly committed a crime yesterday and for this reason they were arrested. A judge released them later. This is as problem of another branch. We are going to continue filing charges and calling for administrative and criminal sanctions because it is unfair for the Guatemalan people to suffer as a result of illegal actions.

Public services are deficient and now more than ever because of the irresponsible attitude of persons who, instead of resorting to dialogue, as the government is doing, adopt illegal positions and carry out criminal actions such as those of yesterday. The National Police have been given orders and they have the legal responsibility of arresting and taking these persons to court. We will continue doing this until these persons realize that the government is not weak, that the government acts according to the law, and we will continue doing this.

[Reporter] What are you going to do now that Fenasteg and Fenasep have said that the workers do not accept the government's proposals?

[De Leon] We can continue talking with Fenasep and with whoever may want to continue talking. Fenasteg has never talked with us. Its radical attitude has existed from the beginning. We are just waiting for the strike to be declared illegal to take legal action on this. The government has the political will to resolve the problem but it does not have the money. They are demanding a 40 percent salary increase. There are 150,000 or 200,000 public employees. Not all of them are backing this illegal strike, true. There are also 8 million Guatemalans who live in poverty. I am obligated to them. I cannot turn my back on those who live in extreme poverty, on those who do not even enjoy the privilege of holding a job. Approximately 50 percent of Guatemalans do not have jobs, do not have any kind of salary. Public employees have a salary that deserves to be increased, but under different conditions.

In the Health Ministry there is a 130-million-quetzals deficit. We are trying to pay that. We owe money to suppliers. We have a fiscal deficit of 900 million quetzals, and a floating debt of 1.2 billion quetzals.

I will continue working in accordance with the state's financial possibilities. In the face of that 50 percent of the population who live in misery, in extreme poverty because they do not have a job, bureaucrats want a 40-percent increase. This is impossible.

[Reporter] How will the Constitutionality Court resolution on a tax law affect the government's budget?

[De Leon] The ruling by that court has further deteriorated our financial situation. The ruling deprives the state of 600 million quetzals. This has made the state's financial situation more difficult. We are adopting measures to recover the 600 million, but while we do this, the deficit grows and it is impossible to yield to irrational demands.

If they want pandemonium, a crisis, more chaos, then I will adopt measures in line with such intentions for illegal actions and public disorder. [end recording]

Parliament Appoints Commission

PA2302235794 Panama City ACAN in Spanish 2212 GMT 23 Feb 94

[Text] Guatemala City, 23 Feb (ACAN-EFE)—The Central American Parliament (Parlacen) appointed today a mediation commission to help resolve the conflict between the government and its employees. The employees, who have been staging partial strikes for the past two weeks, requested Parlacen's mediation.

The Parlacen Information Office reported the commission members are: Guatemalan Deputies Vinicio Cerezo, Eduardo Meyer, and Manuel Conde and Marco Tulio Castillo, who is a Honduran and president of the [Parlacen] labor, union, and social issues commission.

Parlacen President Jose Francisco Guerrero, a Salvadoran, met with the government employees who had requested the mediation and offered to talk to Guatemalan President Ramiro de Leon Carpio.

The request for Parlacen's mediation, which the executive still has not yet accepted, is another action taken by the strikers to pressure the government into accepting their demands for a 40-percent wage hike.

Approximately 30 leaders of the National Federation of State Workers Unions (Fenasteg), which represents approximately 180,000 employees, remain in the government office waiting to meet with De Leon Carpio, who is not at the Presidential Palace. Fenasteg Secretary Armando Sanchez has said they will not abandon the palace or allow personnel to enter or leave the building until they get a positive response.

De Leon Reportedly Approves Talks

PA2402001694 Guatemala City Cadena de Emisoras Unidas in Spanish 2300 GMT 23 Feb 94

["Report from the National Palace" by unidentified reporter; from the "News Patrol" newscast—live relay]

[Text] [Reporter] Today's news has centered on the peaceful occupation—at least peaceful so far—of the National Palace by government workers who belong to Fenasep [National Federation of Public Employees Unions]. The Fourth District judge was unable to enter the National Palace because of the crowd outside the building. Tight security measures have been implemented and the doors to the building have been closed. Meanwhile, the government minister, along with several of his associates, remains in his office inside the building.

The workers, Fenasep members, announced a few minutes ago that the president of the Republic has authorized the attorney general and government minister to hold talks with them. Nevertheless, this is opposed by the majority of the workers. Here is government worker Armando Sanchez who is outside the palace.

[Sanchez] [passage indistinct]

[Reporter] In addition, we also want to report that besides the five diplomats we mentioned in an earlier report who are inside the National Palace, the Paraguayan Ambassador Gilberto Caniza also finds himself trapped inside. These diplomats, along with those people who went to the National Palace today to carry out normal business and reporters who normally cover events at the palace, have been prevented from leaving. This is also true of officials who went to the Foreign Relations Ministry today to attend a diplomatic event that has been canceled in the wake of this situation.

Fenasteg Demands de Leon's Resignation

PA2402005194 Mexico City NOTIMEX in Spanish 2235 GMT 23 Feb 94

[Text] Guatemala City, 23 Feb (NOTIMEX)—The Guatemalan National Federation of State Workers Unions [Fenasteg], which began a 72-hour strike today to demand a 40-percent salary increase, has demanded the resignation of President Ramiro de Leon Carpio.

Fenasteg has also demanded the intervention of the Inter-American Human Rights Court to guarantee the security of 40 workers who, as of this morning, seized the government house.

Fenasteg leader Armando Sanchez, who leads the 40 workers who are occupying the National Palace and another 5,000 workers who are demonstrating in the outskirts, has told NOTIMEX they will not leave the building.

Sanchez has blamed De Leon, who took power on 6 June 1993, for the situation of "ungovernability," the wave of violence and insecurity, and the economic, political, and social crises Guatemala is facing.

Sanchez has said: "Guatemalans are disappointed with the current government. Everyone has made a mistake by believing Ramiro de Leon was going to be a fair president who would readdress the country's fate."

Sanchez has said there is a consensus regarding De Leon's resignation. He has said: "As the situation is progressing in Guatemala, any sector might try to overthrow de Leon."

Sanchez explained the national strike is aimed at pressuring the government into complying with its promises to overcome the levels of poverty affecting 8 million people in Guatemala.

Sanchez said a group of 100 workers has met with Jose Francisco Guerrero, president of the Central American Parliament [Parlacen], whom they asked to form a commission to mediate in the labor conflict.

The committee members are reportedly Sergio Ramirez, former Nicaraguan vice president; a Honduran delegate; Vinicio Cerezo Arevalo, former president of Guatemala; and members of the Parlacen Board of Directors.

The union leader said a communique will be sent within the next few hours to the presidents of El Salvador, Honduras, Nicaragua, Costa Rica, and Panama, asking them to intervene and attempt to try and convince De Leon Carpio to soften his position.

Sanchez, in an interview at the National Palace, said a motion was also presented in Geneva, Switzerland, demanding respect for labor and human rights in Guatemala.

About 100 policemen have surrounded the building, while some 40 members of the Presidential General Staff, geared with gas masks, are awaiting orders to evict the union members.

Foreign Minister Maritza Ruiz de Vielman, Government Ministry personnel, and National Police Director Mario Cifuentes, among others, are inside the building.

De Leon Carpio is touring Chimaltenango, some 57 km west of the capital.

Chilean, Paraguayan Envoys 'Held Hostage'

PA2402005294 Hamburg DPA in Spanish 2355 GMT 23 Feb 94

[Excerpt] Guatemala City, 23 Feb (DPA)—Chilean Ambassador to Guatemala Christian Bisquert and Paraguayan Ambassador to Guatemala Gilberto Caniza are being held hostage in the Government Palace in Guatemala City after the palace was occupied today by a group of union members demanding that President Ramiro de León Carpio's government increase their wages.

Along with the two diplomats, about 1,000 others are also being held hostage at the palace. Some 700 of these people are employees of various government ministries that have offices in the palace, and the rest were people visiting the various offices. The Chilean and Paraguayan ambassadors were at the Guatemalan Foreign Ministry, which is housed on the first floor of the Government Palace, when the siege began. [passage omitted]

Diplomats, Others Allowed To Leave

PA2402022794 Guatemala City Cadena de Emisoras Unidas in Spanish 0116 GMT 24 Feb 94

[Report by Julia Cardenas; from the "News Patrol" newscast]

[Excerpt] [Passage omitted] We would like to report on the situation nine hours after the National Federation of Public Employees Unions [Fenasep] entered the National Palace:

Diplomats, people who came on errands, and the building's staff were allowed to leave approximately 30 minutes ago. Inside the palace are the security forces, reporters from different local and foreign news media, 35 Fenasep union leaders, and representatives of the Office of the Human Rights Ombudsman and the Attorney General's Office, the judge on duty, and the fourth circuit judge who was accompanied by his secretary and two officials.

Agreements Reached

PA2402030094 Guatemala City Cadena de Emisoras Unidas in Spanish 0146 GMT 24 Feb 94

[Interview with Adolfo Reyes, Guatemalan deputy government minister, by Julieta Cardenas at the National Palace in Guatemala City—live]

[Text] [Cardenas] Here is a last minute report: The problem created by the Fenasep [National Federation of Public Employees Unions] leaders has begun to be solved. Deputy Government Minister Adolfo Reyes explains the agreements reached tonight inside the National Palace. Can you explain the agreements to our listeners?

[Reyes] It is fortunate that once again through dialogue—without any violence and in compliance with the law and Constitution—we have done our work. We have met with the five Fenasep leaders who are here in my office. We are drafting a document that includes a point on the resumption of talks; this will take place on 1 March, starting at 1500, when the president will hold a special meeting with them. Other points are nonviolence and a revision of dialogue. They have maintained their request for a 40-percent salary increase.

In addition to the people gathered outside the main square, there was no violence, fortunately. The police are remaining watchful, protecting the people, and preventing incidents. When we sign this document, which we hope will be in the next 10 minutes, the union leaders promised us they will withdraw peacefully. We will meet again on 1 March at 1500. That is all I have to say.

[Guatemala City Cadena de Emisoras Unidas in Spanish at 0155 GMT on 24 February cites Fenasep leader Armando Sanchez as saying: "We are going to proceed to leave the building, because we reached an agreement to meet in a new process of negotiation with the government on 1 March."]

Military Changes Precede Peace Negotiations

PA2302152794 Paris AFP in Spanish 2041 GMT 19 Feb 94

[Report by Gonzalo Marroquin]

[Text] Guatemala City, 19 Feb (AFP)—The unexpected reorganization of the military leadership in Guatemala might have been prompted by President Ramiro de Leon Carpio's and an Army group's wish to facilitate peace negotiations with the guerrilla groups, it was stated today by the media and military sources.

President de Leon announced on Friday the dismissal of National Defense Chief of Staff Jose Luis Quilo and the appointment of General Marco Antonio Gonzalez as his replacement, in an unexpected action that provoked numerous rumors in the Guatemalan capital. De Leon appointed Gen. Carlos Enrique Pineda to the post of assistant chief of staff. Gonzalez is considered the president's "trusted man" while Pineda is a commander with a well-known background as fighter in the low-intensity war that has prevailed in the country for 33 years. Given his post, Pineda must join the government peace commission that will resume negotiations with Guatemalan National Revolutionary Unity (URNG) guerrilla commanders in March.

The government meeting with the URNG, to be held in Mexico City, was initially scheduled for the second half of February. However, it was postponed until the UN Human Rights Commission, currently gathered in Geneva, issues a resolution on Guatemala.

The morning newspaper PRENSA LIBRE today reviewed the changes that occurred in the military leadership, terming them "encouraging signs" of the government's "positive" attitude. LA REPUBLICA said the removals represent a "rearrangement" of currents within the Army and they are linked with the peace negotiations. According to analysts, the less "harder" line within the Armed Forces has been strengthened by the movements, but those analysts do not dare speculate if the initiative came from the presidential office or the military barracks.

Military commanders have officially termed these movements as "routine" although a military source consulted by AFP admitted there are "divisions" within the corps on the position that should be assumed in the negotiations with the URNG rebels. A controversy recently arose regarding the guerrilla demand to create a Truth Commission, similar to the one which last year investigated war crimes in El Salvador and provoked the fall of the country's highest ranking military leaders, who were charged with numerous human rights violations.

Guatemalan Defense Minister Gen. Mario Enriquez said "the Army's activities can be verified at any moment;" adding the commission was not necessary. He said such an investigation would be used to discredit the military corps and it would increase divisions among the Guatemalan people. Enriquez said the guerrilla group will also have to answer for its crimes, including the deaths of U.S. Ambassador John Gordon Mein and German Ambassador Karl von Spreti in the 1960's, and journalist Isidoro Zarco, owner of the morning newspaper PRENSA LIBRE, in the 1970's.

Honduras

U.S. Ambassador Accused of Backing Union Movement

PA2302172594 San Pedro TIEMPO in Spanish 23 Feb 94 p 4

[Report by David Romero Murillo]

[Text] San Pedro Sula—Representatives of the assembly plant industry suspect that the U.S. Embassy is behind the organization of unions within the industrial parks.

Robert Larios Silva, president of "San Miguel" industrial park indicated that he had received information "from the mouths of union leaders themselves, that U.S. Ambassador in Honduras (William Pryce) has been supporting these movements and that he is sympathetic toward them because of his prior participation in union movements in the United States."

In addition, Larios Silva charged that the AFL-CIO movement is also interfering since it has paid for advertisement in the newspapers in order to express its support for the unions that are organizing within the assembly plant industry.

In evaluating the latest management-worker conflicts that are taking place within the industrial parks, Larios Silva said they have not been able yet to pinpoint the real origins of the problems. He indicated that by claiming ill-treatment by Korean firms' foremen and supervisors, workers have resorted to certain type of actions that have started to undermine other firms that are not facing similar types of problems.

The industrial park president emphasized that the protest activities organized by workers which has weakened the assembly plant industry as well as the rest of the country are a result of poor legal and administrative advice the Koreans have been receiving. He added that within the union federations there are also leaders who are taking advantage of the opportunity to improve their image.

Larios Silva pointed out that every day it becomes more difficult to convince foreign investors that unions are positive, especially when these same unions decide to take over factories and highways which causes serious repercussions to investors. "Assembly plants work under international contracts and compete against similar companies located in several countries. If they do not meet requirements, contracts are simply terminated and other companies that will honor contracts are sought," Larios Silva stated.

The industrial park president is asking President Carlos Roberto Reina's administration and unions federations if they have a solution in hand for when the foreign assembly plants decide to withdraw from Honduras and resolve to eliminate 42,000 jobs and the country ceases to receive $350 million in revenues?

He indicated that there is much concern within the assembly plant industry. Currently, domestic investment in the industrial park totals 1 billion lempiras in infrastructure and buildings.

Finally, he called for a moment of reflection taking into account the difficult situation Honduras is experiencing at this time.

Army Chief Discua Refuses To Discuss Romero Promotion

PA2302191994 Tegucigalpa EL HERALDO in Spanish 23 Feb 94 p 6

[Text] General Luis Alonso Discua Elvir, chief of the Honduran Armed Forces, did not conceal his displeasure yesterday with questions by certain reporters, whom he accused of reliving the era of "witch hunts" and of allowing themselves to be used for political purposes.

Discua Elvir arrived late in the afternoon at the Foreign Ministry's "Jose Cecilio del Valle" Building to attend an interview with representatives from the Organization of Northwest Atlantic Fisheries who have filed a complaint against Honduras for the incursion of Honduran-flagged ships in other states' waters.

When he arrived at the Foreign Ministry, Gen. Discua Elvir answered the reporters' questions quite politely, but when they asked about the fisheries problem he said: "We have always had problems with unauthorized boats and complaints of illegal fishing."

Nevertheless, when asked questions he did not like Gen. Discua Elvir became visibly annoyed, especially when they involved Colonel Alvaro Antonio Romero Salgado, his schoolmate from the sixth graduating class at the "General Francisco Morazan" Military School. Romero was recently recommended by President Carlos Roberto Reina for the post of commander of the Presidential Honor Guard; furthermore, the president himself hinted that Romero would be promoted to general in order to occupy the post.

Gen. Discua downplayed the importance of the honor guard chief's appointment, arguing that "he is an officer like any other officer and that such changes are normal. Any Tom, Dick, or Harry could hold the post; it is totally unimportant," he stressed. "I repeat, I do not know what you intend to accomplish with questions like these," he said in an angry voice, thereby casting doubt on Col. Romero's promotion by the National Congress. "If it materializes it will be just another promotion," he said.

Discua Acknowledges Hondutel Funds Transfer

PA2302153194 Tegucigalpa LA TRIBUNA in Spanish 19 Feb 94 p 3

[Text] Yesterday, General Luis Alonso Discua Elvir, commander in chief of the Armed Forces, admitted the Honduran Telecommunications Enterprise [Hondutel] transferred 36 million lempiras to the Armed Forces. He said the money was used to pay soldiers and other personnel's salaries. He explained that when Callejas took office, soldiers had 1.5 lempiras a day to use for food, adding that "Callejas left us with 2.5 to three lempiras to use for food." He said the increases had been made with insufficient funds in the defense budget. Then the National Congress authorized the Treasury Ministry to transfer the Hondutel funds.

Other Transfers

Although he gave no names, Gen. Discua insisted the Hondutel funds were transferred to other government agencies to supplement end-of-the-year budget shortages. He added that the transfer was approved by the Legislative Branch as a round figure. The officer explained that the military institution is not interested in purchasing Hondutel because it cannot do so with its budget. Nevertheless, he recognized that he could invest his earnings in the corporation, just as the Military Procurement Institute would, if it ever has the funds to do so.

Misunderstanding

Gen. Discua believes there is a misunderstanding regarding this transfer, "which is casting doubt on the military institution." He believes Manuel Zelaya, director of the Honduran Social Investment Fund, "was caught off guard with an unfounded report." He said: "I think Mr. Zelaya was somewhat misinformed and did not go to the Treasury Ministry or the National Congress." He then affirmed there is no fault in this transaction as everything was carried out through the Treasury Ministry.

He indicated the disclosed reports have two purposes: one, to gain political notoriety, and two, to highlight the privatization of Hondutel. He said: "We should speak clearly about this issue and not deceive the Hondutel employees or the union. This process is directed at privatization and we must say so clearly."

Congress Seeks To Control Customs Valuation Factor

PA2302162894 San Pedro Sula TIEMPO in Spanish 18 Feb 94 p 10

[Text] Tegucigalpa—Yesterday, deputies approved a draft bill authorizing the National Congress and not the Executive Branch to make any modifications to the customs valuation factor. Congress President Carlos Flores Facusse himself presented the draft bill to the legislators, and he immediately appointed an advisory commission for its approval.

Flores Facusse explained that according to Article 205 No. 35 of the Constitution, only the National Congress is empowered to assess taxes and contributions, as well as public expenses. Nevertheless, Article 3 under Decree 18-90, better known as the "swindle package," instituted by former President Rafael Leonardo Callejas, states the customs valuation factor, when applied in the calculation of duty tariffs on imports, exports, and other assessments, modifies tariffs and the budget, therefore this factor must be approved by the National Congress beforehand.

Flores Facusse said the effects of an increase in the customs valuation factor are mostly negative for most of the Honduran population because it not only increases the cost of finished products, but raw materials, intermediate products, and capital goods as well. On 3 March 1990, he proposed that Article 3 of Decree 18-90 be modified by adding a final paragraph that says: "any modification to the customs valuation factor requires prior National congress approval."

After Flores Facusse read the draft bill, he appointed an advisory commission composed of Alberto Rencoco, Maria de la Paz Rivera, Marco Antonio Andino, Soad Salomon de Facusse, and Johnny Handal. Flores Facusse hesitated for a moment as he did not know whether to call a recess or adjourn for the day. Finally, he decided to call a 20-minute recess, which actually lasted for almost an hour, to allow the advisory commission time to express its opinion regarding the project Flores himself has presented.

The Decision

The members of the advisory commission stated their points of view and recommended the draft be approved as presented by Flores Facusse. Among other considerations, they said that when Decree 18-90 was approved, it established that import taxes, included in the Import-Export Tariff and other such taxes, would be determined after converting the value in foreign exchange to its equivalent in lempiras and applying a valoration factor based on the exchange rate set periodically by the Central Bank. The text of Article 3, however, does not say who the competent authority is to set the customs valuation factor. The board of directors of the Central Bank can only set the currency exchange rate.

Additionally, when the valuation factor is set or increased, there is also a change in the taxes applied to imports and exports. This, of course, becomes an increase in revenues which modifies the General Revenue and Expense Budget in the form of revenue and taxation from imports and exports. Both of these changes can only be made by the National Congress.

When the session resumed and just before the draft was to be discussed for the first time, Santiago David Amador, the leader of the Liberal Party faction, presented a motion to approve the draft in one session, eliminating the other two. He said this would benefit the majority of the Honduran people. "This is a political National Congress, friendly yet not submissive. It is different from previous years; it will not approve everything the executive branch sends," he stressed after warning that "these are gentle warnings."

When it came time to vote, the only ones who did not raise their hand were Liberal Party deputies Gautama Fonseca and Fredy Miralda. Fonseca said he had privately told Flores Facusse his opinion, which he preferred not to present to the plenum. Miranda said this had been a hasty decision.

In order for the text of the decree to be final, Facusse appointed a Style Commission composed of Hector Ramon Trochez, Donaldo Reyes Alvear, and Sandoval Cabrera. The National Congress president then closed the session and called another session for yesterday afternoon, basically to ratify the minutes of the morning session.

Although the session was scheduled for 1430, it was actually called to order at 1600 [2200 GMT]. During the debates, several deputies commented that this was an attempt to strip President Carlos Roberto Reina of part of his powers. Flores Facusse, meanwhile, left the hall using a tunnel that leads straight to his office and called a surprise news conference.

Reaction to the National Congress' decision came after a new adjustment to the customs valuation factor went into effect on Tuesday. The factor was increased from 6.2 lempiras to the dollar to 7.27. The decree has no effect unless it is published in the Gazette. When they try to modify the valuation factor, the National Congress will have to give the final approval.

The Treasury Ministry has been responsible for setting the customs valuation factor since July, and before that it was the Central Bank.

Nicaragua

Government, Rearmed Group Will Hold 'Decisive' Meeting

PA2302190994 Managua Radio Sandino in Spanish 1200 GMT 23 Feb 94

[From the "Events" newscast]

[Text] The government and El Chacal [Jose Angel Talavera] will hold a decisive meeting on Thursday in Caulatu. The preparations for the high-level meeting, which will determine the disarmament of El Chacal, were made yesterday afternoon by Sergio Caramagna, mediator and coordinator of CIAV-OAS [International Commission of Support and Verification-OAS] and Government Minister Alfredo Mendieta.

The meeting with El Chacal is scheduled to be held at noon today [as heard] at Caulatu, the same place where the rearmed group last year kidnapped two Sandinist deputies and several government officials. Yesterday, the Army withdrew all of its troops from the area to facilitate the meeting.

In addition to Government Minister Alfredo Mendieta, who leads the government delegation, the other people who will attend the meeting are Colonel Javier Carrion, on behalf of the EPS [Sandinist People's Army], while the Catholic Church has appointed Dr. Winston Betanco.

Government sources reported the government delegation is fully empowered to solve the conflict with the rearmed men from the 3-80 Northern Front.

* Atlantic Coast Elections Viewed

* Popular Parties Named

94CA0069A Managua LA PRENSA in Spanish 31 Jan 94 p 12

[Commentary by Alvin Alaniz Gonzalez]

[Text] Based on Article 25 of Law 28, the Statute on the Autonomy of the Atlantic Coast Regions of Nicaragua, a law still unregulated, the Atlantic Coast received a green light for embarking upon the 42-day-long election campaign with the presence of the eminent magistrates of the Supreme Election Council, headed by its chairman, Dr. Mariano Fiallos Oyanguren.

During the opening ceremony that began after 1500, a little over an hour later than scheduled and even so not graced by the sacred words of our national anthem, Dr. Fiallos Oyanguren summoned the 14 political groupings that will participate in the election jousts ending on 27

February of this year to conduct a high-minded campaign free of the violence that he said would only usher in death.

However, what can we coastal dwellers expect of this election campaign that is now officially under way?

Speaking for myself, I believe a great deal. Enjoying the right to exercise suffrage, we shall be able to elect those who for four years will sit in our regional legislative body, the Autonomous Regional Council.

Nor is that all. The wide diversity of candidates among whom the coastal people may choose will enable them to determine for whom they should vote.

It is not simply a matter of candidates, but also of the parties that back or represent them. That is why it is necessary to express opinions about some of them so as to provide another perspective.

The people, particularly along the Atlantic Coast, need to be told very little about the Sandinist National Liberation Front (FSLN). They need only to be reminded of the years during which it was in power, of the barbarities committed against our people, the suffering of the mothers, the hunger, death, and despair. Furthermore, its candidates include members of the fortunately now defunct Ministry of Interior.

The Central American Unionist Party (PUCA), a party with minimum strength in the region and which in the 1990 elections received all of 120 votes. Throughout these years, its presence on the Coast has been little or nil.

The Nicaraguan Socialist Party (PSN), a party that tries to sell the idea that it is the representative of the working class. However, what can we expect of a party whose top leader, Dr. Gustavo Tablada, betrayed the Nicaraguan people by forming the sadly famous "Center" group and, in a vile alliance with the Sandinists, assumed the presidency of the National Assembly?

In the case of the Constitutionalist Liberal Party (PLC), one cannot speak of betrayal, for it has been a force that has opposed the current co-government on the national level. However, since this contest is merely regional, one must note that its "leaders" are not even from the Coast, nor do they enjoy the sympathy of the voters.

The Nicaraguan Christian Social Party (PSC) is in truth a party that is not representative and that enjoys no popular support.

The Nicaraguan Democratic Party (PADENIC) presents itself to the people with some new faces and others that belonged to other parties. It attacks the administrative corruption that unfortunately besets certain government agencies, but without presenting any real alternatives to the problems of the Coast.

The Democratic Action Movement (MAD) is known in Bluefields as the Group of the 20 because that was the approximate number of persons who greeted its top leader when he visited our port city.

It could once have been said of the Nicaraguan Resistance Party (PRN) that it had the support of a large sector of the population, but when it incorporated into its ranks individuals who had held public posts, it did not do so in the proper manner and has thus lost support and strength.

Let Us Save the Atlantic Coast (DEX) is a movement that wants to save the Coast, but is running candidates in only one of the 15 districts.

The people view the Authentic, Autonomous Coastal Movement (MAAC) as a movement having close ties with the Sandinists and are therefore reluctant to give it their trust.

Yatama is a party that lost its identity from the moment it made a pact with the Sandinists, a party in which one cannot have confidence because it generated a lack of stability in the region.

The Coastal Democratic Alliance (ADECO) is the work of the governor and deputy from the "Center" group, Dr. Alvin Guthrie Rivers, who with four years in the regional government is running in order to solve the problems of the Atlantic Coast. It is not very difficult to find persons among its members who are highly unpopular with the people.

The Conservative Popular Alliance (APC) is a party which on the national level turned its back on the people and has become involved in the activities of the illegal National Assembly.

The National Opposition Union (UNO), after serious research and consultations with the people and based on the real problems and needs of the people, presents new faces, persons with proven honesty, capabilities, and a firm willingness to make progress in our region. It is doing its utmost to achieve full application of Law 28.

It should be stated that, just as it has demonstrated on the national level, the UNO [National Opposition Union] has not been able to govern in our region either. On the contrary, government has been in the hands of persons who have taken advantage of the administration of public service to get rich illicitly, so that the UNO is now seeking to take over the government and restore the people's confidence.

It is the voters who will have the last word and who, in the secrecy of the voting booths and advised only by their conscience, will know how to make their votes count.

* Ethnic Representation Required

94CA0069B Managua LA PRENSA in Spanish 31 Jan 94 p 12

[Commentary by Alvin Guthrie Rivers]

[Text] After the elections of 25 February 1990, the date on which the people elected the president and vice president of Nicaragua, the representatives to the National Assembly, the members of the regional councils of the Autonomous Regions of the Atlantic Coast, and the members of the municipal councils (in the latter case, only on the Pacific Coast), we, the citizens and residents of the Atlantic Coast, were the first Nicaraguans to participate in an election campaign and later, in elections for members of the regional councils, in the RAAN as well as the RAAS, which make up the Atlantic Coast with approximately 50 percent of the national territory and 10 percent of the national population.

It should be noted that in the RAAS, for the purpose of elections, Article 84 of the existing Election Law divided our region into 15 districts. By means of universal, equal, direct, free, secret voting, the people will elect three councilmen in each until 45 members have been chosen to make up our Regional Council, this in accordance with Article 19 of Law 28, known as the Statute on the Autonomy of the Regions of the Atlantic Coast of Nicaragua. One unique feature is that in Zone 8, which includes Haulover, Rocky Point, Laguna de Perlas, Raitipura, Kakabila, Set Net, and Tasbapauni, the first candidate on all the lists presented by the political parties, alliances, and associations supported by the people must be Misquito. In Zone 9, which includes the Corn Islands, the first candidate must be Creole or "Criollo" or, as they say on the Pacific Coast, a Black candidate, a term that is pejorative in our region.

In Zone 10, which includes the mouth of the Rio Grande, the first candidate must be a Sumo. In Zone 11, made up of Brown Bank, La Fe, San Vicente, Orinoco, Marshall Point and Wawashang, the first candidate must be a Garifono. In Zone 12, which includes the area of the Rama and the communities of Ramacay, Turswani, Dukunu, Cane Creek, Punta Aguila, Monkey Point, and Wiring Cay, the first candidate must be a Rama. Finally, in the area of El Tortuguero, the first candidate must be a Mestizo. The purpose of all this is to guarantee the presence on the Regional Council, which is the highest legislative authority by virtue of its resolutions and ordinances, of the six ethnic groups that survive in our region and that are, in sum, the following: the Mestizo, Misquito, Creole or Criollo, Sumu, Garifon ethnic groups, or peoples and their branches, who obviously wish to join in the development of the Atlantic Coast by preserving their own culture.

In my opinion, the Supreme Election Council, together with the regional, municipal, and communal authorities, continue to conduct a civic crusade to see that all participants respect the existing Election Law, the regulation of election ethics and the statute on autonomy. They do so in order that the elections on the Atlantic Coast, which are obviously a prelude to the national elections in 1996, will become a civic event in which voters may freely debate their ideas and in which our people may vote for the government platforms that are the best supported and most viable. In other words, they wish to ensure that persuasion and conviction take the place of the threats and coercion of decades past and thus continue to build in practice the state of law that we coastal residents and Nicaraguans in general have dreamed of for centuries, bearing in mind the words of Jose Marti to the effect that men who love build and those who hate destroy. We coastal dwellers must not hate one another, when the idea is for all of us to join together in solving our problems: the lack of infrastructure, jobs, food programs, housing construction, clothes, medicine, health centers, and education, all in keeping with our social realities.

* Politicians' Performance, Popularity Reported

94CA0063A Managua BARRICADA in Spanish 5 Jan 94 pp 1, 5

[Article by Jorge Katin]

[Text] A religious leader, a Sandinist politician, and the president of the republic are the figures who command the most support and elicit the least opposition from the Nicaraguan people, according to the poll that M&R Consultores conducted between 18 and 23 December 1993.

Cardinal Miguel Obando was viewed favorably by 71 percent of the respondents, followed closely by Sandinist leader Dr. Sergio Ramirez Mercado with 66.4 percent.

Sixty-five percent of the 697 persons polled by M&R Consultores had a favorable opinion of the president of the republic, Violeta Barrios de Chamorro.

"What do you think of these well-known figures?" the pollsters asked, going down a list of political, religious, and business leaders.

In the political sphere, 47.7 percent of the respondents had a favorable view of the secretary general of the FSLN [Sandinist National Liberation Front], Daniel Ortega, while 48.7 percent had an unfavorable opinion of him.

General Humberto Ortega, the chief of the EPS [Sandinist People's Army], was regarded favorably by 44.5 percent of the 697 respondents and unfavorably by 50.4 percent.

In addition, 54.3 percent described the standing of Managua's mayor, Arnoldo Aleman, as "very good" or "good," while 40.8 percent said it was "poor" or "very poor."

According to M&R experts, the margin of error of this poll is just 4 percent, which is acceptable for this kind of survey.

Ranking of Politicians and Deputies

"Who was the best politician?" was another question, and 27.3 percent replied "no one." Some 14.3 percent chose Daniel Ortega; 11.5 percent Arnoldo Aleman; 6.6 percent Antonio Lacayo; and 5.5 percent Sergio Ramirez.

Just 1.4 percent leaned towards Alfredo Cesar; 0.6 percent chose Ramiro Gurdian; 0.3 percent Moises Hassan; 0.3 percent Francisco Mayorga, and 0.1 percent Luis Sanchez.

In answer to the question "Who was the best deputy in 1993?" a significant 22.5 percent said "no one," while 35.7 percent said they were "not sure."

In any case, Sergio Ramirez, the deputy who heads the Sandinist bloc, did the best in this regard, being so regarded by 13.8 percent of the respondents. He was followed by Alfredo Cesar with 5 percent, Miriam Arguello with 2.9 percent, and William Ramirez with 1.6 percent.

Another question was "Who was the outstanding woman of 1993?" The respondents mentioned President Chamorro, Conservative leader Miriam Arguello, human rights defender Dr. Vilma Nunez de Escorcia, and TV host Karen Santamaria.

Some 11.9 percent of the respondents voted for Chamorro; 5.7 percent for Arguello; 4.4 percent for Nunez de Escorcia, and 4.2 for Santamaria. It bears noting that 11.2 percent replied "no one," and 30.6 percent said they were "not sure."

According to 60 percent of the respondents, the best public official was "no one." Some 10.8 percent mentioned Managua mayor Arnoldo Aleman as a fine public official, and 6.6 percent chose Antonio Lacayo, the minister of the presidency.

* Unification of Liberal Parties Explored

94CA0063B Managua LA PRENSA in Spanish 19 Jan 94 p 12

[Article by Adolfo Miranda Saenz]

[Text] I am motivated to write on this issue because three prominent liberals have discussed it recently: the president of the PLIUN [Independent Liberal Party for National Unity], Dr. Alfonso Moncada, in an article on LA PRENSA's opinion page; Dr. Guillermo Selva, a director of the PLI [Independent Liberal Party] in an interview with LA PRENSA; and the president of the PLC [Constitutionalist Liberal Party], Dr. Arnoldo Aleman, on Radio Corporacion.

As the president of the PLIUN, Dr. Alfonso Moncada, says, with the collapse of socialism the liberal principles that exalt man are gaining more currency than ever. Humanist liberalism. The social liberalism that advocates equal opportunity, social and economic justice, truly fraternal relations among the members of society, and broad freedoms.

I am talking about progressive, revolutionary liberalism (even though at times these words may seem discredited), which has nothing to do with the economic neoliberalism that makes the poor poorer. Now that socialism has failed, progressive, revolutionary liberalism is one of the hopes for the world's poor.

Nicaragua needs such progressive, revolutionary liberalism. Regrettably, however, the PALI [Liberal Party] (which has no further names and sports a plain red flag with neither symbols nor letters) is split and thus unable to develop its full potential. We must seek liberal unity.

I will mention Dr. Moncada once again, acknowledging that he is right when he says that liberal alliances can be established with parties that have a liberal ideological foundation even though they do not call themselves liberal. I am thus enthusiastic about the fact that the PLIUN, the PUCA [Central American Unionist Party], and the PJN [National Justice Party] (which is predominantly Evangelical Protestant) are coming together to seek solutions to the nation's problems. Unity for change.

But this does not rule out efforts towards unity among all liberals. I thus would like to bring up once again a point on which Dr. Arnoldo Aleman and Dr. Alfonso Moncada agree: a liberal plebiscite.

The liberal rank and file need to be summoned to a plebiscite from which will emerge a broad-based convention that will unite the Liberal Party (without any other names, with a single flag and a single anthem: the "Beautiful Sovereign"). Each liberal faction or group would run its slate of candidates for convention delegates in each municipality, and the delegates would then be chosen in proportion to their vote so that all groups (PLIUN, PLI, PLC, PALI, etc.) would be represented proportionally no matter how small they may be.

But let us not forget our brothers in the PUCA and the PJN. Their liberal roots run deep and are long-standing. Ever since Zelaya and even before it there has been a strategic liberal identification with the Morazan Central Americanists and the Evangelical Protestants, and thus we will have to include them in any plans for liberal unity. All the more so now that they have joined with the PLIUN in seeking political solutions to the problems of our people.

Nonetheless, what the head of the PLI, Dr. Guillermo Selva, said also makes a great deal of sense. Although there would be a plebiscite for total unity, that would take time and cost money. This is why I agree with him that the first step would be to form the Liberal Federation with all liberal parties or parties holding a liberal philosophy, without exclusions, and on an equal footing (until we count heads to find out how strong each group is).

Why wait any longer? Yours truly is a member of the PLIUN but not an officer. At least not now. I am thus publicly challenging the Boards of Directors to see which one will take the initiative and, paying more attention to common ground than differences (which we naturally have, since there are "wings" or "factions" in every party), invite the others to begin talks towards a Liberal Federation. Like many other liberals, I am ready to work and contribute in whatever modest way I can to achieve liberal unity.

But the floor now belongs to party officials like Dr. Virgilio Godoy, Dr. Arnoldo Aleman, Dr. Alfonso Moncada, etc. I am issuing the challenge...let us see who takes it up.

Let me go somewhat further. We must do more than seek liberal unity. For the good of Nicaragua each political family must seek its own unity. The Conservatives. The Marxists. The Social Christians. This would strengthen Nicaragua politically, because it is absurd for such a small country to have so many parties.

* Optimistic Outlook for Assembly in 1994

94CA0063C Managua BARRICADA in Spanish 6 Jan 94 p 7

[Commentary by Sergio Ramirez]

[Text] I have the feeling that as 1994 opens we are on the verge of some further positive political developments. I am not going to emphasize the demise of what used to be UNO [National Opposition Union], which had been expected for months. It is the future of the national political understanding that I must discuss.

First of all, it is healthy for Nicaragua that the hub of consensus-based political decision-making will from now on be the National Assembly. The blocs that seek to give the country a stable framework will do a great deal there to further such stability. We can be sure of that.

Moreover, I do not foresee any new crisis in the Assembly, like those of recent years, that might hamper or disrupt national life. The Assembly will operate normally, with equally normal annual elections of authorities, from now until 1996. We can also be sure of that.

The Assembly is going to pass the constitutional reforms before May 1994; they will be substantial and profound and will be designed to strengthen the system of democratic participation, the balance between the branches of government, the judicial system and the electoral system, and the transparency and integrity of public service.

These reforms will also give the Assembly new functions in decision-making on fiscal policy and in the ratification of international financial agreements, as well as in the appointment of judges, the comptroller, the attorney general, and a new and much needed post, the attorney general for human rights.

The idea is not to turn the Assembly into a substitute for the Executive Branch. That would be preposterous and tactless. The Executive Branch must preserve intact its powers to run the government. The idea is, however, that the issues affecting citizens ought to be aired in the Assembly, the national public forum par excellence, and that the citizenry ought to know in advance what is involved when, for example, a tax is going to be imposed or a commitment signed with a financial body such as the IMF. These reforms of the constitution will not have to include, as some would like, express bans on certain individuals holding public office or running for elected office just because they have family ties with the president of the republic. As they have been proposed so far, such bans smack of revenge. And constitutions cannot be reformed on the basis of first and last names. This has been one of our past vices and ought to remain buried in the past.

The National Assembly, with the political consensus of its deputies, must also make headway in passing laws of great national significance that have to be enacted in 1994, such as the Labor Code, the Law of Military Organization, a Tax Code, a Fisheries Law, and a Law Against Drugs, among others. The country can be sure that its Assembly will be a political hub, a hub of consensus, and will pass laws that benefit the nation.

The time has now come to forge national political accords that have weight and substance. Parties cannot keep on playing the "thumbs down on him" game or go around threatening to expel others, as the parties that remain in what used to be UNO are now doing. That indeed is preposterous. Those who want no agreement have expelled those who do.

The Christian Democrats showed exemplary courage in deciding to join the National Assembly when they did. Other parties, the APC, the MDN [Nicaraguan Democratic Movement], and most of the deputies of the PSD [Democratic Social Party], are now walking into the Assembly with their heads held high, aware of what they are doing. Theirs too is a courageous decision.

Why? Because they are walking in to help the country get moving, not to continue thwarting and delaying national solutions. Let those who remain on the outside, screaming and threatening, stay there. Less and less attention will be paid to them.

The point now is to work and build. We are starting the year off on this positive note. And I am sure that it will last and that it will bear fruit.

* Emigration to Costa Rica Growing Problem

94CA0063D Managua BARRICADA in Spanish 19 Jan 94 p 9

[Editorial: "Emigration a Cause for Concern"]

[Text] A sensational series of special reports produced and published simultaneously by BARRICADA and LA NACION several days ago confirms that Nicaraguan emigration to Costa Rica is a worrisome social phenomenon, owing both to the extent of the problem and to its immediate and short-term implications.

This wave of emigration, unlike the one in the 1980's, is due neither to political nor ideological factors. Its causes are entirely socio-economic.

Some 150,000 Nicaraguans have emigrated to our next-door neighbor, whether legally or by sidestepping border posts, solely because despair "abounds" and jobs "are scarce" here.

"Why should we come back?" Nicaraguans ask. The backdrop to this question is significant. It unquestionably suggests that they see neither a present nor a future in our country. As far as they are concerned, there are not even remote prospects for improvement.

This in itself ought to prompt in-depth reflection by the government and multilateral financial organizations, inasmuch as it confirms that economic policy over the past three years has been on the wrong track.

In addition, this emigration shows that political and armed confrontation is doing irreparable harm to the country and, therefore, that a national understanding leading to a period of peace and stability is urgently needed. All political forces and all segments of society bear some degree of responsibility in this regard.

Nicaraguan and Costa Rican authorities met last week in Costa Rica to hammer out a joint migration policy that would put an end to the wave of deportees and "rejects." The effort is a praiseworthy one, inasmuch as abuses are being committed. It still remains to formalize this joint policy, however.

The Nicaraguan Government has requested an "immigration" amnesty for the thousands of our citizens who remain in hiding in Costa Rica, but the authorities there do not "look favorably" on the request, particularly because Costa Rica is in the home stretch of a general-election campaign.

Emigration is an issue with major human implications, and therefore both Nicaraguan and Costa Rican society urgently need to develop an awareness of it. Otherwise, it would be neither unusual nor unlikely for xenophobia to begin emerging in Costa Rica against Nicaraguans. That would be a serious and dangerous development for our brothers.

* Electoral Process for FSLN Congress Suggested

94CA0063E Managua BARRICADA in Spanish 13 Jan 94 p 7

[Part two of two-part article by Reinaldo Antonio Tefel]

[Text] Some people's concept of renewal is similar to that of the revenge-minded extremists who belonged to what was known as UNO [National Opposition Union]: the ostracizing and destruction of adversaries. They do not share the culture of dialogue and consensus. Others conceive of unity as a "straitjacket" to prevent renewal; they are mired in the past, having turned into pillars of salt.

Neither concept is acceptable. Both seek the destruction of Sandinism and any other group, as is happening with the former UNO. This dichotomy must disappear and give way to a sincere, dialectic, and transparent relationship based on the founding element, on new and 100-percent democratic bylaws, and, above all, on observance of these bylaws.

The founding element that unites us all is the historic legacy of Sandino, an element that belongs to all Nicaraguans, not just Sandinists. This historic Sandinist legacy leads us to the ongoing civic struggle for the "effective democracy with social justice" that Sandino dreamed of. The new program that the Special Congress will pass must interpret and update Sandino's dream.

Today I will attempt to outline some basic ideas for the new democratic structure that could be embodied in the new bylaws if the Sandinist people and the Special Congress reach a consensus on them.

The Current Congress, Out of Step

The first issue that arises can be seen in the major question that Erick Aguirre posed in EL SEMANARIO: "A new Congress in an old bottle?" We all know that the current Congress is out of step and that some of its members are not involved in politics. Is this Congress capable of undertaking sweeping renewal? Wouldn't it be better if the Sandinist Assembly passed the new bylaws provisionally so that they could ultimately be passed, rejected, or amended by the Special Congress? If this were possible, all of its structures could be completely renovated, from top to bottom, in accordance with the provisional bylaws.

If the feeling is that legally this cannot be done or that there is not enough time to do so, then the new national authorities that are chosen at the Special Congress should serve only during a transition period ending at the Regular Congress of 1995. I raise this possibility for debate at the Sandinist grass roots.

Now then, what do I think are the basic ideas for achieving democratic renewal amid unity through the bylaws and through the election of national authorities?

Suggestions

1. A transparent, fair electoral process in which all Sandinists take part and in which it is impossible to hand-pick representatives must be guaranteed. The elections must be public and held in jurisdictions of appropriate size: in small municipalities and in districts in large municipalities. District and municipal authorities, Departmental Congresses, and the National Congress must be chosen at this election. There ought to be overseers for the slates of candidates. Elections by "clubs" or "covens" must not be allowed. Small groups must not be able to usurp representation of the entire Sandinist people in a district or municipality. If we were able to hold the freest general elections in the history of

our country and of all Latin America, the ones on 25 February 1990, why can't we hold such elections among ourselves?

2. In order to achieve a more balanced representation of differing views across the various segments of society, besides within territories, it would be politically prudent to elect the representatives to the Congress as follows: half directly in the districts and municipalities and the other half in Departmental Congresses. Rank and file leaders would tend to be chosen at the former, and national political, social, economic, and cultural leaders at the latter. The Congress would thus represent all segments and viewpoints of the Sandinist people.

3. Since the National Leadership has already played its historic role effectively, in keeping with a period of history other than the present and while exercising predominant influence, the bylaws must establish a new collective and democratic political leadership in the form of two complementary bodies.

3.1. The Sandinist Assembly, as the delegate body of the Congress and, therefore, as the highest authority while the Congress is in recess, would consist of 125 members, plus the departmental political secretaries, broken down as follows: 100 members directly elected as such by the Congress and the 25 members of the Sandinist National Council. The Sandinist Assembly would be chaired by its own, annually elected Board and would hold regular sessions every four months and special sessions when a third of its members so request or when an absolute majority of the members of the Sandinist National Council so resolve.

3.2. The Sandinist National Council would be the executive body and would consist of 25 members elected by the Congress. It would meet once a month in regular session and would be chaired by its Standing Committee, elected from among its members and made up of seven national secretaries with specific functions. It could hold regular sessions weekly and would submit monthly reports on its activities to the Sandinist National Council, which would in turn be answerable to the Sandinist Assembly.

4. It would be strongly advisable from a political standpoint to establish a proportional system for electing the two highest party authorities in the Congress. The various schools of thought within the FSLN [Sandinist National Liberation Front] would thus be functionally integrated. I can find no other system that insures true, not rhetorical unity based on genuine democratic renewal. Exclusionary, hegemonic systems that lead to party rifts must be avoided.

On another occasion I will discuss the system for choosing the party's various candidates for the general elections.

* Daniel Nunez on UNAG Strengths, 1996 Outlook

94CA0064A Managua EL SEMANARIO in Spanish No 170, 13-19 Jan 94 pp 12, 13

[Interview with UNAG leader Daniel Nunez by Fabian Medina; place and date not given; first paragraph is EL SEMANARIO introduction]

[Text] Daniel Nunez could not stand to complete the rest period his doctor prescribed, and he is back in his UNAG [National Union of Farmers and Cattlemen] office. His hair is barely starting to grow back after chemotherapy for cancer left him bald. Despite his haste to get back to work, Nunez, who recently turned 55, thinks that no organization can depend on one person, on one boss, and he is ready to leave UNAG at the time of the 1996 elections. In his frank and down-to-earth language, he speaks of his fight against cancer, of his plans, and says what he thinks in this interview with EL SEMANARIO.

[Medina] Have you had a hard time with your disease?

[Nunez] My mother taught me a maxim that is a sort of credo for me. It goes like this: "If there is a cure for your problem, why complain? And if not, why cry?" This disease has not been easy. Cancer is like a curse in a person's life. Often, though, your recovery depends on the support you get from friends. I have had a great deal of support from really surprising sources, from political opponents. They have given me really incredible surprises. Local church groups to which I have belonged, in Waslala, San Juan del Rio Coco, la Guinea...many people have been praying for me.

I was quite surprised when in a very poor area in Matagalpa, a really impoverished place, the people there unexpectedly paid to have a mass said for my health. Those things are really priceless.

[Medina] Have you recovered now?

[Nunez] I really should not be working. They recommended that I continue to rest, but the truth is that in Nicaragua's situation, with all our difficulties, we cannot just sit back. I have things to do, I have to have another operation, because I now have a hernia. After my surgery, I had chemotherapy. I have to go for treatment every three months to keep the disease from spreading.

[Medina] What was the diagnosis?

[Nunez] Cancer. They removed one organ. I also had another tumor, or rather I still have it, between the aorta and the lung. They did not remove that because it was too dangerous. Still, in my last checkup the diagnosis was negative. That gives me fairly good chances of being cured. But you know that this disease is tricky, you do not know where it will emerge, when it will pop back up again.

In any event, it makes a person more aware that he is living, like a plant with a blight, with a disease that it is possible to fight and overcome, but it is also possible...that it will not be overcome. It makes a person live with more realism.

[Medina] How did you spend those three months away from your job?

[Nunez] First of all, I had to deal with the problem. I could not sit on the fence. I trusted my comrades on the board of directors to handle this work responsibly, and now I have the satisfaction of knowing that they did what should have been done.

We are facing some problems in the ECODEPA [Let Us Save Democracy program], the nation's economic situation affects us all, and we believe that great experience has been gained through this. For an organization that depends on one leader is not an organization. Then you are creating a personalized power base, and that is not good. UNAG has the force of the forest, meaning that for every tree that falls, another is planted. It has the strength to move forward no matter whether one or two or three of its leaders have to leave for this or that reason. I myself am prepared to leave the organization in 1996, with the new election we are going to have in the Third Congress. UNAG must move forward because it is not the work of one person, but of thousands of campesinos, hundreds of leaders.

[Medina] UNAG did very well in the last poll. To what do you attribute those results?

[Nunez] We have defined a broad sector-oriented strategy. We bring together members of cooperatives, small, medium, and large producers. And we have depoliticized UNAG.

We are also an organization that works to serve producers. We have projects in many places in Nicaragua, in poor areas.... We have a program called "From Campesino to Campesino" that involves technology transfer. In this program we teach campesinos to improve their production, how to best use their fertilizer, to produce their own seeds, and that has strengthened the campesino leadership of each region.

We have the privilege or the pride of having representatives all over the country. UNAG is in Siuna, in Rio San Juan, in San Juan del Rio Coco, in Jalapa, it is in the most remote places in the interior. We have developed grass-roots leaders in these communities. For example, the chairman in each department is from that department; they are not imported, but really are people from the local communities. The board of directors is well balanced, because we have comrades who have come right from the proletariat, and we also have good representation in men like Juan Tijerino (livestock), Alvaro Fiallos (cotton), Juan Ramon Aragon (livestock), and others. That balance gives our organization a lot of credibility.

We are an institution that works to serve producers. We are often concerned because there are producers who think we are a ministry and not a trade association that needs the work of these producers to sustain itself, to gain more strength in the national awareness of the campesino.

[Medina] Perhaps that may be related to the state's withdrawal from many of its institutions in rural areas—bank branches, ENABAS [National Enterprise for Staple Foods], etc.

[Nunez] Yes, that is true. We feel the peasants have been orphaned by state policies. I am referring to training, technical assistance, financing, developing new forms of production. For example, there is a big onion-exporting project that AID [Agency for International Development] is financing, and it has become a closed and favored group in the Sebaco Valley, where four or five producers are running it. The renovation of coffee production is often in the hands of favored groups. The economy in those sectors has not been democratized. Rural credit has practically been closed off. The eight private banks here say they finance 1 or 2 percent of the agricultural production in Nicaragua. That really makes no sense.

The government says, "Let us get back to the fields," and we say: "Great, excellent, let us go to the fields." But we are not going back to the fields; the opposite is true. Today in rural areas you have kidnapping, violence, crime, and often the print media, radio, and television do not report its true magnitude. We believe that this year, 1994, we have to apply a lot of pressure, we have to persuade the government that if no strong move is made toward rural areas there may be serious problems here.

[Medina] UNAG is a force in civil society. You have 120,000 members.... Have you used that power—maybe to apply pressure?

[Nunez] We did not want to use it. We have used it to organize, to develop national awareness, to tell our members to support reconciliation and pacification, that they should support the coalition, that they need to support stability in rural areas and this transition from war to peace.

If we went the other way and encouraged the campesinos to challenge IMF policies, there really would have been a serious crisis here. The government might not have been able to implement any policies. We know the strength we have. We can mobilize 10,000, 20,000, 30,000 campesinos. We are using this strength to create awareness on a national and international level, to support this great productive sector with over 60,000 small producers, including cooperative members. If some ministries continue to turn a deaf ear to appeals from this sector, we might be forced...not to abandon the peasants, but to take the lead in presenting their most heart-felt demands.

[Medina] What ministries do you mean?

[Nunez] We have tried to create some common ground with IRENA [Institute of Natural Resources] but it has been difficult, as they have a mindset that the state is the boss, and as the boss, the state is the one to implement reforestation policies, and we have opposed some of their projects. With the Ministry of Agriculture we have had some major differences. They have been reported in the newspapers, and we hope that in 1994 things may be better. For example, INTA [National Institute of Technology Transfer] is being announced with a lot of publicity hype. They will have 360 officials. We will see what these 360 bureaucrats will do to promote technology transfer for small growers of corn, beans, rice, etc.

The Ministry of the Economy...well, they have practically barred their doors to us. We went to them to protest the problem of cattle on the hoof leaving the country. Often when these cattle are bought in Costa Rica the livestock's value is not declared. The state fails to collect those taxes. Along with cattle rustling, there is also an abuse of power.

[Medina] But UNAG is both a union group and a business group. Isn't that contradictory? For example, when you criticize the export of cattle on the hoof, are you not acting more to protect the interests of CARNIC [Nicaraguan Meat Enterprise] slaughterhouses than the interests of livestock producers who get their best prices by selling outside the country?

[Nunez] Not so. We have criticized this ever since the revolution. Furthermore, CARNIC is in itself not a UNAG member, but it is composed of a number of producers, cooperative members, small and midsized producers. We are never going to put economic interests ahead of our sector interests. Let me tell you something that is not well known in Nicaragua. In 1993 we financed over 10,000 producers of sesame, rice, coffee, and basic grains. We have loans to recover, perhaps more than the National Bank. We are really interested in getting these problems resolved.

I do not think this is contradictory, for a group like ours has to have an alternative to offer producers. When we buy coffee, meat, or sesame, and at the same time we provide some products that are needed like agrichemicals and fertilizers, we are not acting like a private firm for our own personal profit, but rather as a complete enterprise that works with that producer to finance his harvest. Here is another example: last year we financed all the sesame grown on Ometepe Island. We left the island, and in Ometepe no one planted sesame because there was nobody to finance it. In Chinandega, 60,000 quintals of rice have just been harvested, the result of financing we gave those growers.

In Matagalpa and Jinotega, large producers owe UNAG about $500,000 in financing that we lent them two years ago, which they have not yet been able to repay. We acted like a bank, in an act of solidarity, in order to alleviate the financing situation.

[Medina] Where does that money come from?

[Nunez] It comes from loans we get from private banks, from the National Bank, from projects to supply peasant stores. We are creating "rural savings and loan banks." We cannot sit back and do nothing. The campesinos are not organizing just for the fun of it, but for the options that you mention so that they can overcome their economic limitations.

[Medina] People say Daniel Nunez could run as a candidate in the 1996 elections...because of your leadership and popularity.

[Nunez] Many people want to be president of Nicaragua. I, Daniel Nunez, think that what we need to do is seek consensus and unity so we can change the methods and ways with which presidencies in this country have been conducted. We need to create a consensus among all the progressive, business, trade union, political, and even religious sectors in order to develop a new strategy that will allow us to work for Nicaragua, not for a specific political party, and also not for a specific person.

Through all the conflicts we have experienced, there are men here who have emerged as leaders, who have set aside egotistical personal interests and are thinking about the nation. Others have clung to revanchism. As we have said since 1990, UNAG is going to support the most progressive sectors that pledge to the people that they will keep us from creating more financial monopolies, but instead will seek ways to develop small and midsized production.

We are going to support whoever pledges to improve economic activity in rural areas, who fights to lower the unfair interest rates we pay to state banks. We do not want to continue a neoliberal policy that will do to us what is happening in Chiapas. The Chiapas situation is the product of imposing a policy that works only for the privileged sectors, while ignoring the people who are left outside. I personally am concerned that if this plan continues on its present course, we may have an eruption here that we will not be able to control.

No, no, what I really want and my actions have demonstrated this when I have twice been a deputy to the National Assembly, and neither in 1984, nor now.... Why? Because I think the work Daniel Nunez does with the peasants, in direct contact with the grass roots, is more important than what I could do in the National Assembly. We do give guidelines to our UNAG comrades in the assembly.

We want to make this clear, in 1996 we are going to play a major role in getting out the peasants' votes. We are going to use all the influence we have in this sector so that the peasants will not be left unprotected as they have been by this government.

We Sandinists will have to make a great effort because we owe a debt to the people. The national leadership owes a debt to the people. The Nicaraguan people defended the revolution with their lives because they believed in it. I think that if the Sandinist Front, as our party, wants to repay this historic commitment we will have to be consistent and broadly based, and not continue fighting about presidential candidacies. We have to reach agreement to see what alliance we can form with progressive sectors.

[Medina] So there is no possibility that the name of Daniel Nunez will appear on election ballots in 1996.

[Nunez] Well, I have no such aspirations. To be president of a country a person needs resources.

If Sandinism and we Sandinists cannot join together and unite our forces with the most progressive trade union and business groups, social and economic sectors, we will lose the opportunity to move Nicaragua forward. I do not think the old historic parallels of liberals and conservatives, which are worn out and practically meaningless to the people, can offer a solution for this change.

I am a soldier, and I will always be wherever the party leaders want, so long as it is for my country.

[Medina] When you say that UNAG will support the most progressive sector or party, do you mean that UNAG might not support the Sandinist Front in the next elections?

[Nunez] If the Sandinist Front were to have the misfortune of becoming a divided party, how could we support a divided party? That is definitely not our aim. If UNAG has worked for anything, it is for the unity of the peasants. That unity we established with the national resistance was not easy for us, but we have demonstrated our unity.

The first thing we Sandinists have to work for is the unity of Sandinism. If there is no unity in Sandinism, there will be no Sandinist victory in 1996, even though we are the most powerful force in the country. There are workers, campesinos, businessmen.... There are opportunists who have renounced Sandinism, who bad-mouth it now, after the people supported them.

I say, if the Sandinist Front is divided, I will stay home. I will not support an election with a divided Sandinist Front, for that would be the worst tragedy that could happen to the Nicaraguan people.

Panama

Former Officers Advocate Reestablishing National Guard

PA2302174094 Panama City EL PANAMA AMERICA in Spanish 20 Feb 94 p 2A

[Report by Juan Pritsiolas]

[Text] [Retired] General Ruben Dario Paredes has confirmed that a group of [former] military officers is drafting a proposal to reinstate the National Guard within the structure of the Public Force. This proposal will be submitted to presidential candidates and to the Legislative Assembly.

Paredes disclosed that a group of military men, including Daniel Delgado, Carlos Arosemena King, Gerardo Garcia, Aquilino Sieiro, Juan Antonio Guizado, and Severino Mejia, is preparing a draft of the Public Force Law. He added that their purpose is to establish a foundation, in which professionals from various fields will participate, to offer the public a public security project.

Gen. Paredes, who retired on 12 August 1983, said he personally advocates the reestablishment of the National Guard as a component of the current Public Force. He explained that this component would be made up of 600 men and would be equipped with weapons that "would not threaten anyone." He said it would be in charge of the security of the Panama Canal and the defense of the borders.

The concept of the National Guard emerged in 1953, when President Jose Antonio Remon Cantera enacted a law that changed the national police into a national guard. In September 1983, Panama's former strong man Gen. Manuel Antonio Noriega changed the National Guard into the Defense Forces, which the 1989 invasion dismantled and changed into the current Public Force.

On 15 September 1992, Juan Chevalier, former government and justice minister, presented a 115-article bill to enact the Public Force's basic law. It establishes four components of the Public Force: the National Police, the Air Service police, the Maritime Service police, and the presidential police.

Gen. Paredes said the military men who are working on a proposal on public security matters must use the Executive Branch's bill as a foundation, but they must also incorporate the concept of a National Guard. He believes that 99 percent of military members have come to understand that the healthiest path for Panama is "the consolidation of democracy," but there is still a small number of people who "are yearning for the past alongside (Gen. Manuel Antonio) Noriega."

The former National Guard commander also warned that with the departure of the U.S. Southern Command, there is "danger" there will be a "power vacuum" in Panama. Paredes pointed out that by distorting the people's mandate, a government leader could take advantage of the situation to utilize the Public Force to hold on to power. He added that this situation could trigger the return of the "vicious circle" that existed in Panama since 1903, when economic and political interests took over the Public Force.

Endara Leaves for Colombia To Sign Agreement

PA2302173994 Panama City ACAN in Spanish 1550 GMT 23 Feb 94

[Text] Panama City, 23 Feb (ACAN-EFE)—Panamanian President Guillermo Endara traveled today to the Colombian City of Medellin to sign a free trade agreement with Colombian President Cesar Gaviria. Before leaving on a private flight, the Panamanian president said: "I am going to harvest what we and President Gaviria have been cultivating for more than a year." Endara referred to Gaviria as "the godfather of democracy" in Panama.

Foreign Minister Raul Mulino and more than 60 businessmen are travelling with President Endara to participate in the fourth meeting of the Neighborhood Commission created by the two nations to promote the integration of their economies and to resolve border conflict.

Presidents Endara and Gaviria will sign an agreement that will permit the free trade of sixty items and the implementation of a sea line between Cartagena de Indias and Colon. The agreement will be implemented after a year of negotiations by the Neighborhood Commission. The two states are committed to keeping this agreement from hurting national production. For this reason, the initial list (of more than 200 items) was greatly reduced, an official of the Panamanian Foreign Trade Institute who worked in the drafting of the list has reported.

In Medellin, Endara and Gaviria will also sign an agreement on the special status of people without legal documents. This agreement will allow the status of one country's nationals who live in the other country and who are able to prove that they have resided there continuously for more than two consecutive years to be legalized.

The presidents will review the Neighborhood Commissions' work on security and border matters, the repatriation of arrested people, deportation procedures, and issues related to the social development of the two nations.

Panama and Colombia initiated rapprochement in March 1991, when Gaviria visited Panama for the first time. This rapprochement led to the creation of the Neighborhood Commission, whose work began in 1992. July 1993 in the Colombian city of Cartagena de Indias, Panama and Colombia signed a letter of understanding to encourage business cooperation and to increase trade relations to more than $300 million annually.

Russian Deputy Foreign Minister Visits

PA2302174394 Panama City LA ESTRELLA DE PANAMA in Spanish 21 Feb 94 p 2

[Report by Lastenia Murillo Munoz]

[Text] Russian Deputy Foreign Minister Georgiy Mamedov arrived in Panama yesterday at the invitation of the government to strengthen ties of friendship and trade between the two countries. Mamedov, who will remain in Panama two days, will meet today with President Guillermo Endara and will later meet with Foreign Minister Jose Raul Mulino. He will meet with the local and foreign media tomorrow.

The Russian deputy foreign minister was met at Tocumen International Airport by Deputy Foreign Minister Carlos Cordero and members of the Russian Consulate. Alexis Ermaro, Russian consul in Panama, said this is the first time a high-ranking Russian Government official has visited Panama since the Soviet Union was dissolved two years ago. Ermaro said the deputy foreign minister will also meet with Panamanian businessmen to study the benefits of trading with Panama.

The consul approved of Mamedov's visit because his government is mainly interested in the trade potential, given Panama's good relations with the European markets. Likewise, he said the two countries wish to establish technical, trade, and financial cooperation to strengthen those relations. The diplomat did not give details about the meetings or the topics that the Russian authorities would discuss with the Panamanian authorities during the two-day visit.

Trade relations between the two nations have gradually developed after the Soviet Union disappeared.

Consultation Protocol Signed

PA2302182894 Panama City LA PRENSA in Spanish 23 Feb 94 p 3A

[Report by Manuel Alvarez Cedeno]

[Text] Panamanian and Russian diplomatic sources have disclosed that yesterday in Panama City both countries signed a Consultation and Opinion Exchange Protocol. The document was signed for Panama by Foreign Minister Jose Mulino and for the Russian Federation by Deputy Foreign Minister Georgiy Mamedov, who arrived in Panama on 20 February and returned home yesterday.

In the protocol the sides agreed to periodically consult and exchange opinions with each other on bilateral issues, common problems, and topics that are discussed at international forums.

Mamedov said the signing of the document "constitutes a historic moment for relations between Panama and Russia, especially with regard to both country's political and commercial prospects." The diplomat, whose words were officially translated into Spanish, asserted that Panama plays "a very important role" in his country's foreign policy, and added that this event "marks the beginning of our political relationship."

Panama and Russia established consular relations on 29 March 1991.

Meanwhile, Mulino said the Russian diplomat's visit "is an unprecedented event in the history of Panamanian international policy because, among other things, it is the first time a ranking Russian official has visited our country." Mulino said he is certain that relations between the two countries will prove to be very beneficial. Regarding his meeting with Mamedov and President Guillermo Endara, Mulino explained that they discussed both countries' complex and difficult transitions to democracy.

Foreign Minister Addresses OAS Special Session

PA2402124094 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Feb 94 p a17

[Text] Foreign Minister Jose Raul Mulino recently addressed the 20th OAS Special General Assembly held in Mexico. He said the Panamanian Government priority is to resolve the country's social problems and emphasized that a large percentage of the 1994 budget has been dedicated to the social sector (education, health, housing, and public works).

Minister Mulino said the Panamanian Government feels each country should contribute, taking into account their respective human and material resources, to the establishment of a new hemispheric cooperation phase based on equality, social justice, and reciprocal respect and benefits. The OAS, said Mulino, has been enriched with the protocols of Washington and Managua. The inclusion of extreme poverty as a basic objective for integrated development and the creation of the Inter-American Council for Integrated Development have been decisive steps in the struggle we have initiated and to which we are all committed, the Panamanian minister added.

Additionally and as an initiative of this special general assembly, Foreign Minister Mulino added, Panama completely supports the proposal to declare 1994 the year of social integration, with the objective of establishing social integration as a priority of Inter-American cooperation.

Minister Jose Raul Mulino also emphasized to the 20th OAS Special General Assembly delegates the importance of the current electoral process in Panama, which is pluralist and free, to the country's democratic consolidation. On 8 May [election day] and 1 September [inauguration day for the elected government], a difficult and complicated transition period will have ended and the elected government will find a country that is active economically and has been institutionally and financially reconstructed, the Panamanian minister reported. He also invited all the OAS delegates to attend the elections as observers and verify Panama's significant democratic advancements.

Argentina

Schiaretti: 'Social Peace' Reestablished in Santiago

PY2202152294 Buenos Aires LA PRENSA in Spanish 19 Feb 94 p 2

[Text] Juan Schiaretti, Santiago del Estero's federal trustee, said that "social peace has been reestablished" in the province. Schiaretti said that the protest march carried out by state workers and teachers on 16 February "does not represent the majority of the Santiago people's feelings."

The acting head of Santiago's Executive Branch said his administration "has paid all public administration workers' back salaries," adding that "the financial situation is being balanced."

Schiaretti denied the existence of any "social unrest" in the province, adding that the fact that on 16 February there were "1,000 people on the streets does not mean they represent the entire community's feelings, particularly considering that 40,000 people demonstrated during the original outburst. [no closing quotation mark as published]

The trustee made these remarks at government house following a meeting with Interior Minister Carlos Ruckauf to analyze the province's political situation.

Asked about the incidents the day before between police and workers who were peacefully occupying a textile plant and which ended with eight people wounded, Schiaretti said he regretted what happened, stressing that the "police action followed a court eviction order."

Regarding the beginning of the school year Schiaretti said "classes will begin in March as scheduled."

Meanwhile, the provincial front of struggling unions called for a mobilization on 26 February to reject the salary policy implemented by the trustee, while secondary and university teachers announced that they will not go to work until their demands are answered.

The front insisted that it will present 20,000 signatures requesting the repeal of the comprehensive adjustment law [ley omnibus de ajuste] while the CGT [General Confederation of Labor] regional unit offered their "unrestricted support to the struggle of local trade unions."

The 26 February march will be the second organized by workers against measures adopted by the trustee. The first one was carried out on 16 February.

Grand Front Presents Constituent Assembly Candidates

PY2202181594 Buenos Aires LA PRENSA in Spanish 19 Feb 94 p 4

[Excerpt] Soon after its failed attempt to reach an agreement with the Socialist Unity, the Grand Front of this capital yesterday presented its candidates for the national constituent assembly. The candidates were presented in the Pasos Perdidos Hall of the Chamber of Deputies. The speaker is Deputy Carlos "Chacho" Alvarez, whose name is at the top of the list.

Alvarez said: "Our candidates want to guarantee that the new Constitution will strengthen democracy, establish new rights, and recover a judicial system totally independent from political power." He criticized the administration of President Menem, and did not spare the Radical Civic Union; he spoke of the "ethic submission" of this political party and of the need for the Grand Front to become an election alternative in the district.

Indeed, one paragraph of the document released yesterday states: "We will be the only alternative to the single party system that seeks reelection through the Menem-Alfonsin pact." After reading the document, Alvarez presented the candidates.

The second name in the list is Anibal Ibarra, councilman and former prosecutor, followed by Deputy Graciela Fernandez Meijide and lawyer Raul Eugenio Zaffaroni. Given the public activity of Ibarra and Zaffaroni, Alvarez said that the Grand Front "seeks to struggle in the assembly in favor of a system of justice really independent from Menemist corruption."

Next on the list are Eduardo Barcessat, Adriana Puiggros, Alicia Oliveira, a former member of the CELS [Center for Legal and Social Studies], and Jose Miguez Bonino, from the Permanent Human Rights Association. Alvarez described Puiggros as an "expert on education and science." He took the opportunity to criticize the Olivos pact, saying: "That pact has also forgotten education, which is why we included it on the list," he said. [passage omitted]

Lawsuit Accuses Cavallo of Creating 1991 Run on Currency

PY2302202994 Buenos Aires BUENOS AIRES HERALD in English 22 Feb 94 p 9

[Text] (DYN-NA)—The row over the leak of confidential information by members of the economic team in 1991 took another turn yesterday when lawyer Ricardo Monner Sans commenced legal action against all the main players in the scandal.

The lawyer started his criminal lawsuit against Economy Minister Domingo Cavallo, City Mayor Sau Bouer and economist Miguel Angel Broda, accusing them of having caused a run on the currency in February, 1991.

Also included in the legal action are the head of the State Intelligence (SIDE) and the head of Citibank and other foreign banks, for telephone eavesdropping and conspiring against the market to make the price of the dollar increase.

The nine pages of the complaint contain articles cut from books and magazines and newspapers including extracts of the book El Hacedor, a biography of Cavallo written by journalist Daniel Santoro which covers the run on the Central Bank allegedly caused by leaked information that Central Bank allegedly caused by leaked information that Cavallo had authorized then Treasury Secretary Saul Bouer to pay off Treasury bonds with unbacked money if necessary.

Bouer is alleged to have commented on this to economist Broda, which caused the foreign banks to buy dollars to the detriment of the Central Bank.

The legal action accuses Cavallo of having raised interest rates and increased statutory reserve requirements with the Central Bank to overcome the crisis. Monner Sans also accuses SIDE of finding out via wire-tapping and not reporting the matter to the courts.

Bouer is accused of having leaked a state secret and Broda and the banks are charged with having profited from the deed.

Economy Ministry Announces Tenth IMF Loan Received

PY2302203194 Buenos Aires BUENOS AIRES HERALD in English 22 Feb 94 p 9

[Text] (DYN-NA)—Argentina received a $230 million tranche from the International Monetary Fund (IMF) yesterday.

The deposit was made under the terms of the Extended Payment Facility signed by Economy Minister Domingo Cavallo in April 1992.

According to the press release from the Economy Ministry, in future the inspection team from the IMF will not need to visit this country to verify that Argentina is keeping up with its commitments.

This disbursement is the tenth in the series since the Convertibility Plan was introduced.

The guidelines for 1993 called for a primary surplus of 4.4 billion dollars (excluding privatizations) but according to official figure reaching $5.1 billion.

Cuba's Robaina To Visit Argentina in April

PY2202152994 Buenos Aires LA PRENSA in Spanish 21 Feb 94 p 2

[Text] According to a report carried on 20 February by an international news agency, Cuba will strive to resume its diplomatic ties with Argentina during a scheduled official visit Cuban Foreign Minister Roberto Robaina will pay to Buenos Aires 7-9 April.

The Cuban Foreign Ministry reportedly is awaiting an Argentine confirmation of the official visit, the first by a high-ranking Cuban official since Carlos Menem took office in 1989.

"The response is expected to arrive either tomorrow or in the next few days," said Cuban sources. The same sources added that Robaina is travelling to Buenos Aires after a three-day visit to Montevideo, Uruguay, from 4-6 April within the framework of a tour through several Latin American countries.

However, Argentine Deputy Foreign Minister told LA PRENSA: "So far we have had no news on the subject. If we do, we would consider it because there is nothing strange in this visit." He said that, for example, "former Cuban Foreign Minister Malmierca has visited Argentina," among other "Cuban strong men" who have recently visited Argentina.

Lawmaker Calls Falklands Oil Reserves British 'Invention'

PY2302203294 Buenos Aires BUENOS AIRES HERALD in English 22 Feb 94 p 9

[Article by Beatriz V. Goyoaga]

[Text] According to Lower House Foreign Relations Committee chairman Florencio Acenolaza, the existence of oil around the Malvinas has not been proven and if any were to be found, the amount would be so small and the difficulties of exploitation so extraordinary that it would not be commercially viable.

The existence of oil in the Malvinas has been a source of conflict between Argentina and Britain. The UK (as published by the Herald) recently announced a major oil industry impact study but the Argentine deputy denounces the existence of oil as "a lie and a political maneuver to manipulate Argentina when discussing fisheries or sovereignty. This (manipulation) is not only encouraged by the Foreign Office but also by people in this country who wish to change current Argentine policy."

Acenolaza believes that the existing oil basins are all under Argentine territorial jurisdiction and exploitation conditions are the most difficult in the world—so difficult that oil prices would be as high as $50 per barrel when world prices are under 15.

"The existence of oil is an invention of British authorities as a strategy to gain a better position when discussing fisheries or sovereignty. It is untrue and a blatant lie that there is oil in the Malvinas. The UK is manipulating information aimed at confusing public opinion over the real possibility of finding oil in the islands."

Deputy Acenolaza, himself a geologist, underlines that former state oil company YPF had prospected in the

Malvinas and the existence of oil could not be proven. On this subject, YPF spokesman Juan Carlos Ferrari declined comment, explaining that the company "does not have or give any information regarding oil in the Malvinas." He also added that in 1933 a member of the Foreign Office had said that there was no oil in Saudi Arabia.

"Geologists know that geological conditions to certify the existence of oil-fields in the Malvinas do not exist. Both islands are made of Paleozoic rock, which lack the natural raw material to generate hydrocarbons. The stratographic base, made of crystalline rocks, has a natural incapacity to hold hydrocarbons. It is equally impossible with the quartz or sandy rocks which make up the greater part of the territory."

The deputy also underlined that in the South Atlantic and the British exclusion zone there are two oil basins dating back to Jurassic times, which correspond to the geological formation of the Patagonian oil basins.

He recognizes the existence of three oil basins with insignificant amounts of oil. The "Cuenca de Malvinas" basin to the southwest of the islands was surveyed by a concession which discovered oil and gas only in two wells (Ciclon XI and Salmon XII) but in such small quantities that it did not justify exploitation. The geological information of the "Banco Burwood" basin to the Northwest is reportedly so limited that no guarantee for the existence of hydrocarbons can be given. In the third basin—"Cuenca de San Julian" —the sedimentary depths hardly reach 2,500 meters and the existence of "generating rocks" for oil has not been proven.

According to the deputy, the barometric and weather conditions of the three basins together with the low price of oil make the possibilities of finding oil in the Malvinas irrelevant.

Government Takes Credit for Breaking UN Deadlock on Bosnia

PY2302135294 Buenos Aires CLARIN in Spanish 22 Feb 94 p 22

[Text] Argentine Vice Foreign Minister Fernando Petrella stressed on 21 February that Argentina's approval of a possible bombardment of Serbian positions in Sarajevo by NATO forces served to "break" the UN "Security Council's deadlock situation."

In remarks to a radio station, the Argentine vice foreign minister announced that Argentina was the first country to take this stance, through a note Foreign Minister Guido Di Tella sent to UN Secretary General Butrus Butrus- Ghali.

Discussing the end of the Serbian siege of the Bosnian city of Sarajevo, Petrella explained that the "lack of a consensus" on the political and strategic management of the warning measures among the United States, France, and Russia was the source of some "hesitation that has existed so far in the implementation of the Security Council's measures."

Breaking this deadlock situation was possible "in many ways" thanks to a proposal Argentina raised with Ghali, asking him "to determine, with his wisdom, how the air force element was going to be used." Petrella also noted that our country offered the International Red Cross "to take care of refugees or orphans." He said this offer had been "inspired by an idea raised by President Menem, in case it becomes necessary."

Bolivia

Political Parties Oppose President's Trip to Chile

PY1802202994 La Paz LA RAZON in Spanish 10 Feb 94 pp A8, A9

[Excerpt] After President Gonzalo Sanchez de Losada received an invitation from Chilean President-elect Eduardo Frei to attend his presidential inauguration in March, the opposition and government coalition on 9 February agreed that it is not correct for Sanchez de Losada to accept the invitation because the two countries do not maintain diplomatic relations, although the government coalition congressmen were more cautious in their comments.

Beyond the difference of approach toward the maritime vindication subject, the chiefs of Condepa [Conscience of the Fatherland], Carlos Palenque; the ADN [Nationalist Democratic Action], Jorge Landivar; and MIR [Movement of the Revolutionary Left], Hugo Carvajal, maintained that Chile has caused Bolivia's isolation from the sea and has historically denied it any possibility to a sovereign outlet to the Pacific Ocean.

According to Foreign Ministry sources consulted by an international news agency, Sanchez de Losada is studying the possibility of attending the presidential inauguration in Chile on 11 March. On that day, Chilean President Patricio Aylwin will pass the presidency to Eduardo Frei, who won the last general elections.

LA RAZON learned last night that the national government has practically rejected the possibility that President Gonzalo Sanchez de Losada will attend the ceremony, although the reason for not doing so was not explained. [passage omitted]

Former President Paz Zamora Linked to Drug Trafficker

PY2202152594 La Paz Television Nacional Network in Spanish 1700 GMT 21 Feb 94

[Text] Although the MIR [Movement of the Revolutionary Left] is not being investigated by the Controlled Substances Court, it is the main defendant in the Chavarria case.

The trial against Isaac Chavarria, accused of drug trafficking as a result of testimony by drug trafficker Meco Dominguez, is turning into a process against the MIR. The Dominguez file is a bomb that is beginning to take effect.

According to Meco Dominguez' testimony, Isaac Chavarria was a powerful drug trafficker protected by the MIR. The drugs and documents found at Chavarria's house and farms, as well as the testimony of half a dozen arrested drug traffickers are confirming the charges made by Dominguez.

Chavarria was an official MIR member. He obtained a MIR membership card in 1992 signed by Santa Cruz Prefect Rolando Arostegui and the MIR chief of Santa Cruz Department.

A Chavarria employee who is now under arrest, (Wilbert Cox Molina), described how Chavarria purchased and sold drugs. (Wilbert) states: "I also want to mention here that while my employer, Isaac Chavarria, whom I guarded, was hospitalized in the Calacoto Clinic in La Paz, he was visited on several occasions by Colonel Jorge Velazquez, chief of the Government House aides de camp; Mrs. Edith Paz Zamora; and Rosario Paz Zamora, who took him flowers; as well as by [MIR president] Oscar Eid Franco, who paid the hospital bill. He gave Edgar Fernandez [another Chavarria employee] about $25,000 to pay the hospital expenses." Oscar Eid Franco has confirmed that he paid the bill.

In this file we also find the answers to several questions. Meco Dominguez was arrested and taken to court when he broke his partnership with Chavarria and therefore with the MIR. Dominguez operated in the Regine discotheque, which has been closed by police investigations. Discotheque owner Juan Carlos Peredo Paz was arrested recently. Peredo Paz is a MIR member and a former official from the Agricultural Bank and the National Bank Superintendency. He has been a middleman in operations to launder dollars from drug trafficking activities. Peredo Paz has acknowledged that twice he received checks from Meco Dominguez for a total of $1.3 million.

In the third section of Meco Dominguez' case file we find a letter found by the Special Anti-Narcotics Force [FELCN] in Chavarria's house. It is signed by Edgar Fernandez Lazcano, who is currently at large. In this letter, Edgar Fernandez tells Chavarria, for whom he worked, that in November 1990 he was arrested by the FELCN in La Paz but was soon released from prison thanks to a telephone call that he, Edgar Fernandez, thinks was made by Susana Seleme [not further identified] from Government House.

Two pieces of evidence that unfortunately involve former President Jaime Paz Zamora are missing from this file. One of them is a video found in the house of Chavarria that FELCN did not want to show to either the public or the court. The FELCN also did not send to court the conflicting testimony between Meco Dominguez and Chavarria. In the testimony, Dominguez said in front of Chavarria that when Jaime Paz Zamora was president of the Republic he had lunch with Chavarria in a Santa Cruz restaurant. Meco Dominguez was present at the lunch but he says he did not hear the conversation between the two.

Two photographs, which already have been published in the newspapers, are also missing from the file. The first, which was first published four years ago, shows Jaime Paz Zamora and Chavarria together. The second picture was published on 20 February by EL DIARIO and shows Paz Zamora, Meco Dominguez, and top MIR leaders together.

The only explanation the MIR has given to the public so far is that, in effect, there was a friendship between Paz Zamora and Chavarria. The charges made by Meco Dominguez now must be proven or rejected in court. Has this friendship led Paz Zamora to cover up the illegal activities of Isaac Chavarria?

Further on Connections

PY2302135794 La Paz Radio Fides Network in Spanish 1100 GMT 23 Feb 94

[Text] The following is a JATA report on the connections between the MIR [Movement of Revolutionary Left] leadership and Bolivian drug kingpins:

The MIR leadership held meetings with Carmelo Meco Domingez, Isaac Chavarria Diaz de Medina, and Jorge Roca Suarez, a.k.a. Techo de Paja. This is what sentenced drug trafficker Meco Dominguez testified before Brazilian officials on 10 November 1993. At the time, Meco Dominguez was being sought by the Bolivian courts. According to the report, Meco Dominguez voluntarily presented himself before Brazilian police in Mato Grosso do Sul to provide information on his illegal activities in Bolivia.

Carmelo Meco Dominguez told the Brazilians that he, and his partner Chavarria, held at least 10 meetings with the MIR leadership to discuss issues pertaining to the financing of the 1987 municipal elections and the 1989 general elections.

Dominguez told Brazilian antinarcotics police that these meetings were attended by the following MIR leaders: Jaime Paz Zamora; Oscar Eid Franco; Gaspar Encina; Rosario Paz Zamora; Susana Seleme; [name indistinct] Arostegui; Jorge Mendez; Isaac Chavarria; Jorge Roca Suarez, a.k.a. Techo de Paja; and (?Sando Kasp Saucedo), a.k.a. Checo.

Carmelo Meco Dominguez told Brazilian authorities that the meeting's objective was to discuss the financing of the elections and that he accepted this proposal in good faith because it was going to be good for the country.

Dominguez added that Paz Zamora and the aforementioned persons attended several meetings at Isaac

Chavarria's house. He said: I want to note that we held about 10 meetings before the elections. We also held a very special meeting on 15 April 1987 at Orlando Vaca Diez's house on Sucre Street in Santa Cruz to celebrate Jaime Paz Zamora's birthday.

This contradicts what [MIR President] Oscar Eid said on 21 February on this program. Eid Franco said Carmelo Meco Dominguez was an uninvited guest, but on 10 November 1993 Dominguez told Mato Grosso do Sul antinarcotics agents that he had been one of the organizers of the birthday party. Dominguez also said he had hired a Mexican folk band. How can anyone allege that Carmelo Dominguez was an uninvited guest. (?He appears in one of the pictures taken at the time). He had organized the party and hired the Jalisco Mexican band in Santa Cruz. This party was publicized the next day in Santa Cruz newspapers.

Dominguez added that in July 1987, Paz Zamora arrived in Santa Cruz to hold another special meeting and that he personally went to Viru-Viru airport in his blue Toyota station wagon to drive the MIR leader to Isaac Chavarria's house, where they met Jorge Roca Suarez, a.k.a. Techo de Paja.

Official on Charges Against Paz Zamora

PY2302212094 La Paz PRESENCIA in Spanish 12 Feb 94 p 5

[Text] Minister of Government German Quiroga expressed his doubts about depositions made by two notorious drug traffickers involving former Bolivian President Jaime Paz Zamora in alleged meetings with "Thatched Roof" [drug lord Jorge Roca Suarez]. Quiroga said: "These depositions have been made by convicts linked to drug trafficking."

Quiroga said: "It is important not to hurt the dignity of citizens, especially those citizens who have occupied our nation's highest posts." He noted: "We must not forget the status of the people who made these depositions."

Quiroga recalled that the depositions were made by criminals who had been convicted by the courts of justice for being linked to drug-trafficking rings.

Quiroga nevertheless reported that the depositions, videos, and photographs linked to drug-trafficking crimes are part of the case portfolio sent to the courts of justice yesterday.

Minister Quiroga described the evidence as open to the public. He said: "It is therefore open to review by national public opinion."

Quiroga noted: "It is not fair to comment on issues that may have been brought up without carrying out an assessment, a review, and a complete investigation into these depositions."

In response to questions posed by journalists accredited to Government Palace, Quiroga pointed out: "There are serious contradictions between the depositions of the two drug traffickers." He noted: "The courts will make the actual assessment and conduct the appropriate investigations."

Government Determined To Eliminate Illegal Coca Farms

PY2302232894 La Paz PRESENCIA in Spanish 17 Feb 94 p 7

[Text] National Social Defense Secretary Mario Soliz yesterday warned that the government of President Gonzalo Sanchez de Lozada has undertaken an all-out offensive against drug trafficking by increasing antidrug operations in Chapare, by seizing substances that are considered precursors, and by eliminating all excessive or "illegal" coca farms in that area. Soliz said: "We want to make it clear that we are not fomenting a clash with peasants, but we will not hesitate to enforce the law."

He said that under the terms of Law 1008, legal coca farms destined for traditional consumption can cover an area of only 12,000 hectares in the Yungas of La Paz. He reiterated that 35,200 hectares must be eliminated in the next few years, regardless of whether peasants agree or disagree with this. "Illegal coca plantations are concentrated in Chapare. There are people who went to that area for the sole purpose of growing illegal coca plantations and causing problems for the government. We have reports that those people cut down many trees to prevent the government from enforcing the law," Soliz said.

Pits and Coca

He explained that recent antidrug operations in Chapare have disclosed that coca has been planted for the exclusive purpose of producing cocaine. Maceration pits, which are the first stage for preparation of the drug, were detected a few meters from the plantations.

After showing to reporters several pictures of presumably new plantations, Soliz said that this type of activity cannot and must not be tolerated, for the sake of the country's image and of the commitments that Bolivian authorities have assumed with foreign governments.

He reported that in this regard, his secretariat has ordered the immediate destruction of illegal farms, adding that—in his opinion—this position is endorsed by the peasants who want to engage in the alternative development programs and plans.

He said that under the terms of the law, almost seven hectares were eradicated in the past two days, and that this task will continue in the following days.

Eradication

Asked about fulfillment of the target of eradicating 5,000 hectares of coca farms, which has been agreed upon with the U.S. Government, Soliz admitted that this target will hardly be fulfilled. "We doubt that the total number of agreed upon hectares will be eradicated, but the government will make all efforts to comply with its international commitment beyond 31 March, which was the previously established deadline," he said.

Bilateral agreements are annually signed with the U.S. Government. The Bolivian side has to eradicate a specific number of "illegal" hectares in return for U.S. Government promises to provide economic aid to Bolivia for its balance of payments.

During fiscal year 1994, which is about to end in the United States, an agreement was reached providing for the eradication of 5,000 hectares in return for $40 million. This target, however, will not be fulfilled.

Fewer than 3,000 hectares of illegal farms have so far been eradicated. Meanwhile, disbursement of a third $10 million installment remains uncertain. Asked about the subject, Soliz said that the fourth installment will not be received because of the nonfulfillment of the target.

Less Money, More Hectares

According to the explanation given by Soliz, for the 1995 U.S. fiscal year—which has just begun—Bolivia will have to promise to eradicate a larger area of illegal coca farms. "When the next agreement is signed, the idea is to eradicate the largest possible area of 'illegal' farms which do no good to the country," Soliz said.

However, he declined to refer to an increase in U.S. economic aid, which for the past two years has dropped considerably from $66 million in fiscal year 1993 to almost $40 million in fiscal year 1994. If this downward trend continues, Bolivian obligations will grow as U.S. aid drops, Chapare coca growers' leaders have said.

Brazil

Cardoso Said Negotiating on Social Emergency Fund

PY2402023094 Rio de Janeiro O GLOBO in Portuguese 23 Feb 94 p 3

[Text] Brasilia—A day after asserting that he would no longer negotiate the approval of the FSE [Social Emergency Fund] with Congress, Finance Minister Fernando Henrique Cardoso agreed not to include the funds for salaries in the education field (amounting to $250 million this year) in the FSE. The agreement to leave part of the education funds that would have been held under the FSE with the Education Ministry was reached yesterday during a luncheon with the leaders of six political parties (PMDB [Brazilian Democratic Movement Party], PFL [Liberal Front Party], PSDB [Brazilian Social Democracy Party], PP [Popular Party], PTB [Brazilian Labor Party], and PL [Liberal Party]), and the coordinator of the constitutional revision, Nelson Jobim (PMDB-Rio Grande do Sul).

The agreement responds especially to the PMDB bloc, which assumed as its own the proposal by Education Minister Murilio Hingel, who was one of the first to protest the cuts to his budget. The governors were also interested in the negotiation because the money for salaries in the education field is distributed to the states, favoring the poorest ones.

This is not a defeat for the government, because the FSE still withholds $1 billion of the revenues which, according to the Constitution, should be earmarked for education. The government also promised that public housing this year will have the $500 million provided for in the budget.

Accord With PFL on Plan Support, Revision

PY2402023794 Rio de Janeiro O GLOBO in Portuguese 23 Feb 94 p 3

[Article by Ricardo Amaral and Sergio Leo]

[Text] Brasilia—An agreement between Finance Minister Fernando Henrique Cardoso and the Liberal Front Party [PFL] leadership has given new life to the constitutional revision. To ensure PFL support for his plan—the Social Emergency Fund [FSE] will be voted on today—Fernando Henrique Cardoso committed himself to stimulating government participation in the revision, including voting on changes in the economic order. The minister asserted that he supports the end of monopolies in the field of telecommunications and oil. The PFL defends these points as being fundamental for the revision.

Cardoso yesterday received for breakfast PFL President Jorge Bornhausen and PFL leaders in the Senate Marco Maciel (Pernambuco) and Luis Eduardo (Bahia). The minister's first gesture in favor of the revision was to ask rapporteur-general Nelson Jobim (Brazilian Democratic Movement Party—Rio Grande do Sul) to move forward the date for reporting his comments on the amendments and proposals related to the economic order.

Bornhausen said: This is a political gesture by the minister. He is thus stimulating debate about the issues that we deem fundamental for the revision.

The agreement with the PFL will make it possible to vote on postponement of the constitutional revision to 31 May—as the PFL wants—during today's session of the Constituent Congress, which has been convened to vote on the FSE. According to Cardoso's agreement with the PFL leaders, postponement of the deadline for the end of the revision work will be voted on first, as a guarantee of the government's commitment to the constitutional revision.

According to Senator Marco Maciel, the agreement does not mean that the government will support the changes proposed by the PFL:

"There are changes in the economic order that are of interest for the development of the plan, but the leaders of the party and of the allied bloc in Congress will be responsible for their approval."

Economic Program 'Strongly Supported' in Final Vote

PY2402025294 Madrid EFE in Spanish 0126 GMT 24 Feb 94

[Text] Brasilia, 23 Feb (EFE)—The Brazilian Government's anti-inflationary program was strongly supported today when, in a final vote, the bicameral Congress approved the Social Emergency Fund, described as a vital instrument for the program's implementation.

The Social Emergency Fund bill received 402 votes, equivalent to 80 percent of the 500 congressmen—of a total of 584—who participated in the vote. Ninety-five legislators voted against the government.

After the general support for the bill, the congressmen will vote on various proposals to change particular points. The government guarantees that it has enough support to achieve the rejection of these proposals to change particular points.

The Social Emergency Fund, endowed with $16 billion, will allow the government to curb inflation through direct control on public spending in social security and special health and housing programs and programs to eradicate hunger and misery.

Foreign Minister Interviewed on Economic Stabilization

PY2402020594 Montevideo EL OBSERVADOR ECONOMICO in Spanish 16 Feb 94 p 8

[Interview with Foreign Minister Celso Amorim; place and date not given]

[Text] [EL OBSERVADOR ECONOMICO] Do you believe that the economic program drafted by Minister Cardoso will in the end be implemented?

[Amorim] I believe that a very important step was taken with the approval of the Social Emergency Fund [FSE] by Congress. This approval will allow the government to eliminate the public deficit, thus taking the first step toward controlling inflation.

[EL OBSERVADOR ECONOMICO] Is the success of the economic plan still endangered by any political hurdle?

[Amorim] Evidently everything can be politically negotiated, but the most difficult aspect of the plan was really related to the approval of certain taxes, which had to be debated within the framework of the constitutional revision. This difficulty has already been overcome, in a first round. We trust that it will also be approved in the second round, because the issue protects the interests of the country, and not of the government.

[EL OBSERVADOR ECONOMICO] How long will it take for the effects of the stabilization program to begin being noticed?

[Amorim] They will be noticed in the very near future, I believe. The plan's approval by Congress has already had a positive psychological effect. Naturally, the plan also has a monetary stage. In this stage, the inflation rate will have a more concrete and immediate decrease, although it may take two or three months for this to happen.

[EL OBSERVADOR ECONOMICO] This sort of program generally brings about a stabilization of the national currency. In this case, will the value of the real cruzeiro increase?

[Amorim] We are seeking to stabilize our national currency, but we want to do it without falling into the other extreme, which is economic recession. Brazil has many inhabitants and a labor market full of young people. It is very important that the process does not hinder economic growth.

[EL OBSERVADOR ECONOMICO] Will the government try to prevent the exchange rate from falling, harming export products?

[Amorim] The stabilization of the exchange rate will result from domestic monetary stabilization. It will not be the result of a law ordering the indexation of the cruzeiro to a foreign currency. It will come about naturally, as a consequence of a public deficit equal to zero and of the monetary measures which are being implemented.

[EL OBSERVADOR ECONOMICO] The other Southern Cone countries are expecting an opportunity to increase their exports to Brazil. This is why the exchange rate aspect of the stabilization program is important to them.

[Amorim] I believe that the growth of the Brazilian economy is what will really favor those who export to Brazil. When the economy grows, as it did in 1993, our partners' exports to our country increase a great deal. I think that this is more important than the type of exchange rate.

[EL OBSERVADOR ECONOMICO] Everything leads one to the conclusion that in 1995, Mercosur [Common Market of the South] will have a unified tariff system but will not yet be a common market. When do you believe the conditions will be adequate for coordinating macroeconomic policies, and reaching the goal established by the Asuncion Treaty?

[Amorim] Some fundamental stages must first be overcome. We are moving very fast, in a manner that has perhaps not occurred anywhere else in the world. We are completing the trade liberalization process. In 1995 we will have a unified tariff system, which may not be perfect, at least not with regard to all products, but there will be a schedule to unify the tariffs of the products that still have different tariffs.

I believe that this naturally results in creating harmonious policies for various fields, such as for example rules for the capital markets and financial flows that have been agreed upon by the Mercosur member countries.

I therefore believe there will be a natural unification resulting from the requirements of the trade liberalization process and of the Common Foreign Tariff.

[EL OBSERVADOR ECONOMICO] Will the full enforcement of a common market depend in the domestic stability of the member countries?

[Amorim] This is taking place very fast. You can see that so far Europe still has no overall monetary policy, because it does not have a single currency or a single central bank. I therefore believe that the common market can exist with free capital flow and hand labor, which are other elements of the common market, even before the creation of an entirely completed macroeconomic policy.

Surely there must be agreement about these policies, but I believe they will come about naturally, because all countries are engaged in the same process.

Finance Minister, Labor Negotiate URV Salary Adjustment

PY2302111894 Rio de Janeiro O GLOBO in Portuguese 22 Feb 94 p 22

[Text] Brasilia—Finance Minister Fernando Henrique Cardoso has informed Labor Force President Luiz Antonio de Medeiros that after the adoption of the URV [Real Value Unit], all salaries will be compulsorily converted into the equivalent of the average dollar value of salaries in the past four months. After meeting the labor leader, the minister said the average value will be the minimum value for workers, who will negotiate their final salary values in URV's with businesses. Workers earning higher-than-average salaries, like those with a collective agreement renewal date in February, will have their salaries converted into URV's at the nominal value, Medeiros said.

According to Medeiros, the Finance Ministry is determined to set the minimum salary at a figure that will be equivalent, in URV's, to slightly more than $60—$63 or $64. Medeiros, who said on 21 February that he would not agree to negotiating the average value, said after the meeting that he was satisfied.

"It is a good beginning for the negotiation," he said.

Cardoso said that "in this transition phase we do not want the purchasing power of workers to drop," adding that he intends to talk with other labor leaders, like CUT [Sole Workers Center] President Jair Meneguelli and Vicente Paulo da Silva Campo, aka Vicentinho—the president of the metalworkers' union of Sao Bernardo do Campo. The minister said the government has not made a decision yet on the salary conversion proposal.

The method for compulsory indexation of private sector salaries by the average value is ready. According to Finance Ministry sources, all workers, except for B Group workers—for whom salaries will be converted to URV's in March—will benefit more than under the existing salary policy. This will happen because the URV will adjust real salaries on a monthly basis, while the existing salary policy guarantees partial adjustment only of salaries equivalent to up to six minimum salaries.

The finance minister said that, apparently, the "minimum salary" equivalent to the average of the last four months is the formula that will best preserve salaries, despite the fact that other alternatives also are being considered.

According to the minister, salaries will not be increased and the URV will serve as a safeguard, giving them daily protection against inflation.

The Position of Team Members in the Balance of Power

The Winners

Edmar Bacha—The special Finance Ministry adviser advocated adoption of a fixed rule for converting salaries by the average value, on the grounds that free negotiations between workers and employers still must be approved by Congress.

Sergio Cutolo—The Social Security minister, who like Bacha has experience in previous stabilization plans, claimed that the time required for free negotiations would be longer than the period expected for the transition from the URV to the new currency.

Winston Fritsch—The economic policy secretary, who in the beginning was for freedom of the market, finally was convinced by Bacha's claim that the government needs to establish salary conversion rules.

The Losers

Persio Arida—One of the designers of the stabilization plan, Arida is against any type of government intervention in the private sector. He has always advocated that conversion to the URV should be voluntary and not compulsory.

Walter Barelli—Since the beginning of the talks, he has upheld the thesis that the government should adopt a single criteria for converting prices and salaries into URV's. His position was defeated on 21 February.

Pedro Malan—Identified as a neoliberal, the Central Bank president also has advocated the URV's voluntary adoption by society. He was defeated by Bacha's arguments.

Possible Patent Agreement With U.S. Viewed

PY2302004294 Rio de Janeiro O GLOBO in Portuguese 22 Feb 94 p 29

[Text] Brasilia—Foreign Minister Cesar Amorim said yesterday that the Brazilian Government will avail itself of the decisions made at the Uruguay Round of GATT talks to reach agreement with the United States on the patent law. After meeting with the ministers of finance, industry and commerce, science and technology, and culture—Fernando Henrique Cardoso, Elcio Alvares, Jose Israel Vargas, and Jose Roberto Nascimento e Silva, respectively, whom he briefed on his negotiations in Washington last week—Amorim declined to say if an agreement will be reached. He said:

"I believe the agreements of the Uruguay Round give both sides a set of conditions for reaching an agreement. However, I cannot give assurances such an agreement will be reached."

Amorim confirmed that under U.S. law, 28 February is the deadline for an agreement. He added that an eventual accord must be ratified by the Brazilian Congress within the normal deadlines for the approval of the patent law. Once approved by the Chamber of Deputies, the bill will be submitted to the Senate and return to the Chamber of Deputies if the modifications requested by the United States are included.

Amorim said that during a conversation with U.S. Commercial Representative Mickey Kantor last Wednesday, "suggestions, new ideas, and imaginative proposals were made" for resolving the problems created by Brazil's reluctance to recognize international patents.

After yesterday's meeting, Minister Cardoso said Brazil will uphold its basic demands during the negotiations with the United States.

'Serious Effort' for Solution Seen

PY2302103594 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Feb 94 p B5

[Article by Paulo Sotero]

[Text] Washington—The Brazilian and U.S. governments are making a "serious effort" at the last minute to try to reach a negotiated solution on the dispute over the protection of patents and intellectual property, according to a source close to the negotiations. The deadline, which was unilaterally established by the U.S. Government last May when actions were taken against Brazil in response to a request made by the U.S. Pharmaceutical Industry Association, is 28 February.

Many talks have been held at various levels following the meeting between Brazilian Foreign Minister Celso Amorim and U.S. Trade Representative Mickey Kantor here in Washington on 16 February. The implementation of commercial sanctions against Brazilian exports by the U.S. Government has not been averted. But it is no longer the only choice as it was before the visit of the foreign minister.

If the negotiations go well in the next few days and lead to similar positions on the main points of disagreement, the U.S. trade representative could, for example, say that the understanding produced sufficient progress to justify the suspension of the action but that the U.S. Government reserves the right to resume the case and retaliate if Brazil does not honor its commmitments within a reasonable time.

The terms of the Brazilian commitment are in the note that Brazilian Ambassador to Washington Paulo Tarso Flecha de Lima delivered to Kantor the day before the visit of the Brazilian foreign minister. In the note the Brazilian Government offered to submit amendments to the new industrial property code bill which is being debated in the Senate to make the Brazilian regulation for intellectual property protection compatible with the TRIPPS [Trade Related Intellectual Property Protection System] which was approved by the Uruguay Round of the GATT last December.

The amendments to the code will reportedly resolve the differences between Brasilia and Washington on Article 27 of the TRIPPS which is the most important of the four differences that the U.S. Government considers to be "critical." Until recently the Brazilian Foreign Ministry argued that the demand for "domestic registration" of pharmaceutical patents which is in the industrial property code bill that was approved by the Chamber of Deputies last year was compatible with the TRIPPS which is reportedly "ambiguous" on that issue.

The U.S. trade representative said, however, that the Brazilian interpretation is incompatible with the TRIPPS and that it would not resist a discussion in the GATT.

Court Suspends Firms From Government Bids, Contracts

PY2302202394 Rio de Janeiro O GLOBO in Portuguese 22 Feb 94 p 10

[Text] Brasilia—A total of 24 companies involved in the scheme of businessman Paulo Cesar Farias were banned yesterday afternoon from participating in public bids or from receiving any fiscal benefits from the government. Reconsidering a ruling made last December, Judge Novely Vilanova of the Seventh Federal Court granted an injunction on the suit filed by the Attorney General's Office against former President Fernando Collor, Paulo Cesar Farias, Claudio Vieira, and 24 companies for illegal amassment of wealth.

Judge Vilanova's decision means that any contract signed between those companies and the government since the injunction was granted are suspended. Among the companies affected are the Andrade Gutierrez, Norberto Odebrecht, and Tratex construction companies, as well as Mercedes Benz do Brasil, Votorantim, and the Cooperativa Regional dos Produtores de Acucar e Alcool de Alagoas.

Late yesterday afternoon Attorney General Aristides Junqueira sent notes to Ministers Elcio Alvares (Industry and Commerce) and Romildo Canhim (Federal Administration Secretariat) notifying them on the court's decision. Beside suspending contracts and reallocating budget resources, the government must now prevent those companies from winding up, changing their business status, or merging with others.

Reconsidering the first ruling on a request from the Attorney General's Office, Judge Vilanova emphasized the existence of evidence in the law suit against the companies. Pointing out the urgency of "mechanisms of morality," Vilanova observed that the injunction does not assume guilt. He criticized the government, saying: "In face of the illegal actions attributed to the companies, the government could have temporarily suspended the participation of those companies in new bids. A court decision was unnecessary."

The companies may still resort to the Federal Regional Court. The companies may not engage in contracts with the government for 10 years. While Collor, Farias, and Vieira have not been punished, yet they may have their political rights suspended for up to 10 years in addition of losing their assets and being fined.

The 24 companies affected by the injunction are:

1. Construtora Tratex Inc.;
2. Construtora Andrade Gutierrez Inc.;
3. Construtora Norberto Odebrecht Inc.;
4. Cetenco Engenharia Inc.;
5. Mercedes Benz do Brasil Inc.;
6. Industria Votorantim Inc.;
7. Companhia Catarinense de Cimento Portland;
8. Companhia Cimento Portland Gaucho;
9. Companhia Cimento Portland Rio Branco;
10. Empresa de Transportes C.P.T.;
11. Transportes Especiais Olimpia Inc.;
12. Cimento Itau do Parana Inc.;
13. Companhia Cimento Portland Itau Inc.;
14. Transportadora e Comercial Alem Fronteiras;
15. Cimento Santa Rita Inc.;
16. Leao Irmaos Acucar e Alcool Inc.;
17. Abaete Automoveis;
18. Itabuna Veiculos;
19. Mendo Sampaio Inc.;
20. Usina Cachoeira Inc.;
21. Agro Industrial Marituba;
22. Usina Caete Inc.;
23. Cooperativa Regional dos Produtores de Acucar e Alcool de Alagoas;
24. Empresa de Participacoes e Construcoes Inc.

* Number of Businessmen With Electoral Ambitions Rises

94SM0216B Sao Paulo ISTOE in Portuguese 12 Jan 94 pp 20-21

[Article: "No Middlemen"]

[Text] The businessmen have changed their tactics in preparation for the 1994 elections. They are now investing less in traditional politicians and turning to their own leaders in an attempt to reach the front line in national politics. "No middlemen," says Senator Albano Franco (PSDB [Brazilian Social Democracy Party], Sergipe), president of the National Confederation of Industry and one of the first businessmen to exchange private management for public administration 27 years ago. The legalization of business contributions to parties and candidates and the fears aroused by revelation of the bribery schemes headed by P.C. Farias and Joao Alves have made self-financing more attractive. "Since the managers proved to be incompetent and corrupt, the best thing for the businessman to do is get involved in hand-to-hand combat himself," says Antonio Fabio Ribeiro, president of the Brasilia Federation of Industries and a stockholder in Encol.

In the homestretch of the race for party affiliation—the deadline was Sunday the 9th—the switching of people and parties was intense. At least four prominent business leaders made their choices at the end of the year. The president of the Minas Gerais Federation of Industries, Joao Alencar Gomes da Silva, landed in the PMDB [Brazilian Democratic Movement Party], from where he may run for state governor. The former president of the Rio Grande do Sul Federation of Industries, Luiz Carlos Mandelli, joined the PPR [Progressive Renewal Party] and is also expected to run for governor. Two other federation presidents—Fernando Bezerra (PMDB) of Rio Grande do Norte and Miguel de Souza (PTB [Brazilian Labor Party]) of Rondonia—will seek seats in the National Congress. "We are encouraging our fellow businessmen to join, and we now have representatives in several parties," says Albano Franco happily.

The bevy of businessmen includes the heir to a communications empire. Edson Queiroz Filho of Ceara, who is a stockholder in the Edson Queiroz Group, a 21-company conglomerate that expects to bill about $500 million this year, intends to run for the Senate. Queiroz, who is Tasso Jereissati's brother-in-law, president of the PSDB, and former governor of Ceara, founded the PP [Progressive Party] in his state. His decision to be a candidate is causing his rivalry with his brother-in-law to intensify even further. Queiroz is entering the scene with the strength of a group that controls the Green Seas System (the Globo Network's affiliate in the state), the DIARIO DO NORDESTE, and 23 radio stations.

"The new candidacies by businessmen show that the latter were no longer able to solve their problems quietly through negotiations with the administration," says Deputy Flavio Rocha (Rio Grande do Norte), heir to the

Guararapes textile group. He wants to be the PL [Liberal Party] candidate for president of the republic. Someone else noting the rush by businessmen to enter politics is the president of the Sao Paulo PFL [Liberal Front Party] and former minister of agriculture under Collor, Antonio Cabrera. With only three days left in which to join a party, Cabrera found that among the new party members in his state, there were 18 businessmen who wanted to run for federal deputy. One of them is Aires da Cunha, owner of Blue Life, the country's third-largest private health care group.

As orphans of the PRN [National Reconstruction Party], several people who had once been part of Collor's troops went looking for parties that would help them fulfill their desire to return to public life. That was the case with former President Collor's friend and backer of the story about Operation Uruguay, businessman Luiz Estevao de Oliveira, who is now a candidate for district deputy in Brasilia. Although wanting to join the PSDB, he had to be content with the PP. Former Minister of Health Alceni Guerra, the victim of an unfounded accusation concerning fraud in the purchase of bicycles for sanitary agents, is considering an invitation to run for the Senate or even for governor of Parana on the PFL ticket.

The invasion by businessmen is occurring at a time when career politicians are losing ground. Several of them are also showing discouragement. "I'm tired of this disgusting business," says Ceara Governor Ciro Gomes (PSDB), who will leave the governor's palace in Ceara for Harvard University in the aristocratic State of Boston [as published] in the United States. If he can get a full scholarship, Ciro will spend 12 months studying economics and political science. After 36 consecutive years in office, Senator Jutahy Magalhaes (PSDB, Bahia) is also going to retire. His place will be taken by his son, Jutahy, Jr., former minister of social welfare. The PSDB also expects to say farewell to Senator Jose Richa (Parana). Defeated in his 1990 bid for state governor and thoroughly trounced in the 1993 congressional campaign, Richa has become discouraged and has already announced that he will not run in 1994.

Because of all that, Congress is expecting to see more new faces than it ever has before. Only 40 percent of the congressmen managed to get reelected in 1986. The number fell to 32 percent in 1990. Governor Leonel Brizola (Rio de Janeiro) believes that 85 percent of the current Congress is going to be replaced. That change does not necessarily indicate a change in the ideological profile of the legislative branch. "Today's Congress is worse than yesterday's, and the one we get tomorrow will be worse than the one we have today," predicts Deputy Nelson Jobim (PMDB, Rio Grande do Sul).

Election Timetable

The parties that may present candidates for president of the republic are the PDT [Democratic Labor Party], the PFL, the PL, the PMDB, the PSD [Democratic Social Party], the PRN, the PSDB, the PT [Workers Party], the PTB, the PP, and the PPR. Here are the key dates in connection with the 1994 elections:

9 January: Deadline for party affiliation by candidates.

2 April: Deadline for resignation from public office in order to be a candidate; start of the period for holding regional and national conventions.

31 May: Deadline for registration and change of registration by voters; end of the period for holding conventions.

10 June: Deadline for registering slates of candidates with the TSE [Superior Electoral Court] and TRE's [Regional Electoral Courts].

2 August: Start of campaigning for the first round of balloting.

30 September: Last day of free radio and TV time.

3 October: Elections for president of the republic, governors, senators, and federal and state deputies.

24 October: Start of campaigning for the second round of balloting.

12 November: Last day of free radio and TV time.

15 November: Second round of balloting in elections for president of the republic and governors in cases where no candidate received more than 50 percent of the vote in the first round.

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* PSDB Gains Members, Loses Original Identity

94SM0216A Sao Paulo ISTOE in Portuguese 19 Jan 94 pp 30-31

[Article: "Inflating the Nest"]

[Text] **The PSDB [Brazilian Social Democracy Party] is gaining Barelli, Albano, and Aureliano but losing its original identity. The search for a slate on which to be a candidate in the October elections is transforming the parties into electoral Frankensteins.**

When it was founded, back during the days of the Constituent Assembly in 1988, the PSDB immediately acquired a symbol and a nickname. Its symbol is the toucan, and its nickname was the "Sorbonne Party," a reference to its necktie-sporting leaders with their doctorates. So far the party has remained faithful to its mascot, but not to its nickname. Over the last few days, the party has picked up members as disparate as an economist with ties to unions, a business leader, and a rancher. In other words, it has attracted a sympathizer of the PT [Workers Party], a former member of Collor's PRN [National Reconstruction Party], and a former bionic governor from Arena [National Renewal Alliance]. To put things even more clearly, the party has been joined by Minister of Labor Walter Barelli; Albano Franco, president of the National Confederation of Industry (CNI); and former Minas Gerais Governor

Aureliano Chaves. What do the three of them have in common? Until a few days ago, they had nothing. Now they have the party.

The "Frankensteinization" of Brazilian parties had a deadline. According to the election timetable approved by Congress, politicians wanting to be candidates in the elections of 3 October had to join a party by Sunday the 9th. Just before that date arrived, the parties received an avalanche of new members who, on the pretext of offering electoral benefits, ended up further eroding the distinctiveness of the various parties. Besides the PSDB, the phenomenon also had a strong effect on at least two other parties: the PP [Progressive Party] and the PPR [Progressive Renewal Party]. But it was in the PSDB that the repercussions were greatest.

The toucan symbolizing the PSDB is now sporting a promising forelock [a reference to President Franco]. It was with the support of President Itamar Franco and his team that the PSDB gained Barelli and Albano Franco. The party also took in Minister of Justice Mauricio Correa, who had been without a party since his break with Leonel Brizola and the PDT [Democratic Labor Party]. The invasion by politicians with different plumages has caused an uproar in the tucano nest. "The only thing lacking is for General Figueiredo to join the PSDB," Deputy Edmundo Galdino (PSDB, Tocantins) raves.

The strongest objections have concerned Albano Franco. The senator was invited to join three months ago by Minister Fernando Henrique Cardoso and PSDB President Tasso Jereissati, who is Albano's partner in a bid to win the contract for cellular telephones in Ceara. The PSDB bloc in the Chamber of Deputies, headed by Deputy Jose Serra, opened its beak at the time and is still complaining. Reactions opposing Albano have also come from Sao Paulo, where the PSDB is strongest. Senator Mario Covas, the PSDB's candidate for governor of Sao Paulo, has told friends that he would not like to see Albano on the party slate.

But the most indignant reaction has come from Senator Jutahy Magalhaes, Sr., who is threatening to change parties if Albano's membership is not rejected. The problems between the two men involve a murky family quarrel. As minister of social welfare, Jutahy Magalhaes, Jr., did everything he could to get rid of the Brazilian Welfare Legion (LBA) headed by Leonor Franco, Albano's wife. Leonor not only managed to keep the LBA intact: she was even appointed to be the new minister of social welfare.

Although controversial, Aureliano's decision to join has not caused a commotion equal to the one created by the arrival of Albano. "I have no aspirations to be a candidate," says the former governor and former vice president. "I joined the PSDB only in order to have a platform for the more consistent exercise of citizenship," he philosophizes. With a new look and a little mustache as well, Aureliano withdrew from politics after bringing up the rear in the presidential election of 1989. Despite his denials, he is behaving like someone who wants to run for state governor, but along the way he is going to encounter PSDB member and former Minister Paulino Cicero, who also has his eye on the governorship of Minas Gerais.

While the addition of Albano and Aureliano to the party has been viewed with distrust, the same cannot be said of Barelli's decision to join. The minister has not only been well received: he is already the subject of jokes. Barelli is being called the PSDB's most likable economist, making him a counterpoint to Deputy Jose Serra's difficult temperament.

The 1994 elections may also include the charms of the most refined Rio de Janeiro elite. Socialite Regina Marcondes Ferraz is the most illustrious acquisition by the PPR in Rio de Janeiro. Now that she has joined the party at the request of former Minister of Finance Francisco Dornelles, Regina will have someone in the party with whom to discuss Chanel's latest collection. The reason is that the PPR has also received reinforcement in the form of the first lady of Alagoas, Denilma Bulhoes, who is in the habit of wearing the most famous European labels while campaigning in the environs of Maceio. Regina may not have Denilma's political experience, but she does not consider herself a novice. "During the 1989 presidential campaign, I even held meetings in my home for Maluf," she says. "Considering all the chaos in which the country finds itself, I decided that it was time to participate more fully, so I joined the PPR." Regina has not yet decided whether to be a candidate, although her friend Dornelles is pressing her to do so.

Taken by a sudden interest in politics since he began courting former Minister Zelia Cardoso de Mello, humorist Chico Anysio also beat the deadline for party affiliation by choosing a party, although like Regina, he is not confirming his candidacy. Chico chose the PP. One of those at his side will be union leader Luiz Antonio de Medeiros, president of Union Power. Medeiros first considered joining the PSDB, but he was intimidated by the posturing of the party leaders in Sao Paulo with all their plumage. Since the perch was so narrow, he chose to land in the PP, which has "progressive" in its name and a bunch of conservatives in its ranks. To give an example, he will be in the company of Brasilia businessman Luiz Estevao, Fernando Collor's inseparable friend—one of the latter's few inseparable friends, let it be said. The PRN, which had more than 30 deputies at the start of the Collor administration, is now down to seven musketeers.

Three Party Models

PSDB: Known as the party of intellectuals, it now presents an eclectic profile: the standard PSDB member wears the hat of Aureliano Chaves (formerly of the PFL [Liberal Front Party]), has the face of Minister Barelli (formerly almost a member of the PT) and the body of businessman and Senator Albano Franco (formerly of the PRN), and wears the tennis shoes of Deputy Maurilio Ferreira Lima (formerly of the PMDB [Brazilian Democratic Movement Party]).

PPR: The party that has always had the face of Maluf is acquiring new ingredients in addition to the unmistakable bald head of Esperidiao Amin. The party is celebrating the solid acquisition of First Lady Denilma Bulhoes. Socialite Regina Marcondes Ferraz has also joined, although she denies wanting to be a candidate.

PP: This is one of the newest and most heterogeneous parties. It has the distinctive hair of former Governor Alvaro Dias (Parana), the huge mustache of Luiz Antonio de Medeiros, the body of Professor Raimundo/Chico Anysio, and the legs of Governor Joaquim Roriz (Federal District), who is having a rough time on the CPI [congressional investigating committee].

Missile Expert Piva's Return Examined

PY1902181894 Sao Paulo ISTOE in Portuguese 16 Feb 94 pp 58, 59

[Article written by Jayme Brener with the cooperation of Helio Contreiras in Rio de Janeiro and Otto Sarkis in Brasilia: "Dr. Von Braun's Return"]

[Text] H.O.P. are three letters that stand for pure dynamite. They are the initials of Lieutenant Brigadier Hugo de Oliveira Piva, the father of the Brazilian space program and of half a dozen domestic missile projects. His name stirred a great deal of controversy in the 1980's when he went to work for Iraq's Saddam Husayn with Brasilia's concurrence, although such concurrence was never fully assumed. Well, the man behind these three letters is back. At 67, and retired since 1987, Piva is quietly serving as an informal adviser—although without pay—for two of his old projects, which were resuscitated in recent months through new doses of government funds. These projects are the MAA-1 Piranha (an air-to-air missile) and the MSS 1.2 (surface-to-surface missile).

Piva knows that his name, or just his initials, has been at the center of one of the worst controversies in the history of Brazilian-U.S. relations. The fact is that Uncle Sam has never forgiven him for his cooperation with Saddam Husayn, who was thrashed in 1991 during the Gulf war on an initiative of the White House. To avoid further friction, "the brigadier"—Piva's nickname—has not put his signature on any of these projects and, officially, he continues to work as an international dealer of a large number of products ranging from black pepper to machine tools. This is a rather sad job for someone having two doctorate degrees—in aeronautics and applied mathematics—from foreign universities and who had become known as "Brazil's Dr. Von Braun," in reference to German scientist Wernher von Braun, the pioneer of aerospace research in the United States. Yet, Piva's dream is to be able to come back through the front door to the field of arms manufacturing or to the Brazilian aerospace program. Speaking to ISTOE, he said that he might be able to do that during the next government "if it is favorable to resuming the materiel, aeronautics, and nuclear industries given their role in promoting development and national sovereignty."

Piva said: "I view the resumption of Brazilian missile projects with satisfaction and reassurance because these projects will promote advanced technology—which is essential for the progress of any nation—in every area." He added: "After all, I regard these projects as my children whom I used to hold on my lap." To a certain extent, he still holds them. The Aeronautics Ministry has entrusted the development of the Piranha project—under an $8.8 million contract—to the Mectron Engineering Company, which is based in Sao Jose dos Campos [Sao Paulo State], without a prior bidding process in light of its being highly specialized in the field. Working for Mectron are Piva's "scientific children," that is, a handful of researchers who worked with him after graduating from the tough Aeronautical Technology Institute (ITA) and participated in the early stages of the Piranha project. They followed the brigadier to two missile factories: Orbita, a mixed company, and Avibras [Avibras Aerospace Industry, Inc.] a private company. Then, in 1989, they left for Iraq. Their mission was to develop an air-to-air missile. Those who turned to the dictionary to look up the word for piranha in Arabic—if there is one—made the right move. They all had a humiliating return to Brazil as the Brazilian Government was aligned with the anti-Saddam alliance and denied any responsibility concerning the work of the scientists. Piva said: "The Collor de Mello government was dominated by foreign interests and needed a scapegoat."

Following the Iraqi affair, the leading members of the team of researchers created Mectron while Piva announced his retirement. In 1992, Mectron obtained a contract with the Army to complete the MSS 1.2 surface-to-surface missile, which is now being tested. Piva helped them secretly. Now, Mectron—which has a little more than 30 employees—is grabbing a slice of the Piranha project. Mectron Technical Director Renato Zanetta declines to comment on his ties with his mentor. According to Major Brigadier Nelson Taveira, director of the Aerospace Technical Center (CTA), "Piva has nothing to do with this project." Yet, the man whose initials are H.O.P. has given Mectron—in addition to his expert advice—papers, sketches, and diagrams of the Iraqi Al-Piranha. All this was done secretly because Hugo de Oliveira Piva, a retired lieutenant brigadier earning the equivalent of $1,400 monthly, continues to quietly run his company Spaceplus from an office located above a lingerie store in downtown Sao Jose.

The award of contracts to Mectron, a company that is very close to Piva's heart, would then be a well-earned acknowledgement of the work of somebody who has been racking his brain to produce missiles, wouldn't it? This is what the majority of the military involved in the project believe. But insiders in the military hardware industry, who are already "hot-tempered" by nature, are even more troubled. The sharpest thrusts come from Avibras, at present the only manufacturer of rockets in the country, also located in Sao Jose. Avibras Vice

President Rubens Porto contends that "our advice has not been sought for the development of the Piranha missile, but if we were consulted we would have alternative projects." Major Brigadier Jose Marcone, deputy chairman of the Brazilian Commission of Space Activities, adds that "Avibras was not interested in the Piranha." An engineer satirizes: "The truth is that Avibras was never able to recover from the killing off of scientists made by Piva there."

Piva and Avibras have not been on speaking terms for a long time. In 1991, when the company entered into composition with its creditors, Piva was hired by a bank to make an estimation of the equipment offered by the company as collateral for the payment of its debts. When Piva went to the Avibras' facilities, which have very strict security control, he presented himself as "engineer Hugo de Oliveira." When Avibras managers saw their rival on the premises they got the fright of their life. From there to pressing charges of industrial espionage there was only one step.

Piva smiles when talking about this incident. His smile vanishes when he recalls that in spite of being the father of the renaissance in the Brazilian missile industry, the latter is far from being the apple of his eye. His real pet answers to the name of V.L.S., satellite launching vehicle, a project that goes back to the 1970's but that was hamstrung by lack of funds. Last year, however, the project was revived because the government promised to invest $40 million in the sector in the next three years. It is estimated that the V.L.S. will be launched in 1995 carrying a satellite that will also be of Brazilian make.

The only thing is that the acronym V.L.S.—as well as the initials H.O.P.—is tantamount to having problems with the United States because Brazil is not a signatory to the international treaty on the control of missile production. The Brazilian Government guarantees that the V.L.S. project—which is being developed by the newly set up Bahia Space Agency since the end of January—is a purely civilian endeavor—green and yellow [the colors of the Brazilian flag] and not olive green. Notwithstanding this, the White House mistrusts Brazil given the fact that whoever has the know-how for launching satellites may very well launch a military missile having a range of 1,000 km. The United States is also suspicious of all the other countries that have refused to sign the aforementioned treaty, namely India, Pakistan, South Africa, and Iraq itself. U.S. military have gone as far as hinting that Piva may have used the V.L.S. technology to upgrade Iraq's Scud missiles. By using its clout, the U.S. Government did its utmost to delay the Brazilian aerospace project. Its last bid for delaying it was to ban Brazil from having access to inertial platforms, the devices that guide the rocket. Piva and Brigadier Taveira from the CTA argue that the problem has already been overcome. A CTA official notes, in a state of euphoria that "we have even managed to buy a computer for the rocket from the United Kingdom, a faithful ally of the United States." "We thought that they were not going to deliver it," he added. The most skeptical ones, however, contend that the satellite launcher still has many shortcomings and that the frequently claimed self-sufficiency is all but designed to lure possible suppliers of the necessary equipment.

If the Brazilian aerospace program is already facing difficulties, one can very well imagine how it fared after Piva's signature. Even though he has many friends and disciples at the CTA of Sao Jose dos Campos, Piva tries to avoid even coming close to the center. As a friend of his notes, "his face shines when he talks about the V.L.S.." As soon as he starts working on exportation and importation, Piva's thoughts wander to what is in store for him. He does not rule out the possibility of wearing a researcher's overall. H.O.P. says he does not support any candidacy in particular, but concedes that "Lula's [Luis Inacio da Silva] PT [Workers Party] has supported the development of the military hardware industry, which is precisely what I have always defended." In conclusion, he says: "I could go back to that area if I were asked to do so by a government that follows those guidelines, whether it represented the PT or any other party."

Government Urges 'Immediate Cease-Fire' in Angola

PY2302150694 Madrid EFE in Spanish 1621 GMT 21 Feb 94

[Text] Brasilia, 21 Feb (EFE)—The Brazilian Government today lamented the "aggravation of the fratricidal war" in Angola, asking for an immediate cease-fire in the African country, which has strong cultural links with Brazil.

In an official note, the Brazilian Foreign Ministry stated that the cease-fire can contribute to the successful conclusion, in the short-term, of the negotiations under way in Lusaka, the capital of Zambia, between the Angolan Government and National Union for the Total Independence of Angola (UNITA) guerrillas.

The note emphasizes that both sides should accept the result of the elections held in September 1992, in which Angolan President Jose Eduardo dos Santos emerged as the winner, and should observe the UN Security Council resolutions calling for a cease-fire.

The Brazilian Government stated that the aggravation of the Angolan war in the past few weeks "is more deplorable at a time in which there were sound hopes for peace on the basis of the conversations under way in Lusaka."

Chile

3 Prison Police Officers Shot, Bomb Planted

PY2302131694 Santiago Radio Cooperativa Network in Spanish 1000 GMT 23 Feb 94

[Text] The three prison police agents seriously wounded last night during an attack by a terrorist group on the General Manuel Bulnes Prison Police School, located at

Carmen and Ventura Lavalle Streets, remain in serious condition at Carabineros Hospital.

The attack occurred at 2310 on 22 February, as was reported by Cooperativa's newscast.

According to witnesses, a terrorist unit driving two vehicles fired at the school, seriously wounding three officer trainees returning to spend the night at the barracks. The three were shot several times.

The officer trainees were identified as Nicolas Rusich Rojas, 20, who was wounded in the thorax, left leg, and right arm; Gonzalo Hermosilla Grisama, 21, who suffered a serious bullet wound in the middle of the right leg and other scratches produced by splinters; and Raul Eduardo Arellano Blanco, 21, who was shot in the right arm, right cheek, and left leg. The three trainees were lucky to survive.

So far no one has claimed responsibility for the attack, but police speculate that they might be members of the Lautaro terrorist group considering their modus operandi and the type of semiautomatic weapons used during the attack. This is the second attack in less than 24 hours in reprisal for the transfer of 45 terrorist prisoners from the former San Miguel prison and preventive detention center to the so-called maximum security jail. The first attack affected a Carabineros station in Nueva Espana, in the Paradero 22 area on Ochagavia Avenue. On this occasion, one worker was shot. Now three prison police agents have been seriously wounded.

However, these were not the only incidents because last night the terrorist group also placed a bomb in front of Socialist Party headquarters at 36 Concha y Toro, in central-western Santiago. A specialized police unit deactivated the bomb, which allegedly had been placed to protest the eviction by Carabineros of terrorist prisoners' relatives who tried to take over the site for a couple of hours.

Carabineros Investigative Police so far have not been able to locate the vehicles used by the terrorists in their attack against the prison police school. Let us recall that less than a year ago terrorists also attacked the Prison Police Security Directorate, on (Carmen Conde) and Lavalle Streets, also in reprisal for the situation of these terrorist prisoners.

Two Political Party Premises Bombed in Santiago

PY2302203594 Santiago Radio Cooperativa Network in Spanish 1600 GMT 23 Feb 94

[Excerpts] Two bombs were planted this morning at political party offices in downtown Santiago. The first bomb was discovered at 0845 at the Christian Democratic Party central headquarters on the Alameda [Avenida Bernardo O'Higgins], between Lord Cochrane and San Ignacio Streets at the Eduardo Frei Montalva building, which is close to the microenterprise building of the Development Bank located at 1436 Avenida Bernardo O'Higgins.

A suspicious package was found behind a magazine stand. According to the first reports, the package had six ammonium gelignite sticks wrapped in newspaper. The bomb was discovered by Carabineros after they had received a report from a woman working in the magazine stand.

The case was immediately reported to GOPE [Special Police Operations Group], whose personnel came to the area to deactivate the bomb.

Minutes later a bomb explosion was reported at the Socialist Party headquarters at 36 Concha y Toro Street in central western Santiago. The bomb caused moderate damage, breaking windows and destroying part of the building's cornice. [passage omitted]

Let us recall that a bomb was planted at the same Socialist Party office late last night. Last night, however, the bomb was immediately deactivated by building guards and by Carabineros. The Socialist Party has thus suffered two attacks in less than 12 hours. [passage omitted]

Aylwin Pardons Political Prisoner Jorge Marin Correa

PY2302132894 Santiago Radio Cooperativa Network in Spanish 2200 GMT 22 Feb 94

[Text] President Patricio Aylwin pardoned Jorge Marin Correa by commuting his sentence to banishment in Belgium. He was condemned to 18 years of imprisonment for his participation in the robbery of a Lautaro bakery.

Marin Correa, one of nine political prisoners still jailed in the Santo Domingo prison, was not informed of the decision until 22 February despite the fact he was scheduled to travel this morning. He told the press that he disagreed with his banishment because in one year he could have obtained his freedom under probation or night imprisonment.

Despite pleading innocent, he reaffirmed his support for the struggle against the military regime. Aylwin still has six pending pardon requests, including the most contentious ones related to Hector Maturana Urzua, Juan Ordenes Narvaez, and Hector Figueroa Gomez, who were sentenced to life imprisonment for their participation in an attack against General Pinochet. Miguel Angel Colina, Marco Antonio Mardone Villarroel, and Jorge Escobar Diaz also are awaiting pardons.

UDI Protests Indications of Restored Cuban Ties

PY2302205294 Santiago Radio Cooperativa Network in Spanish 1600 GMT 23 Feb 94

[Text] The UDI [Independent Democratic Union] has criticized the president-elect's predisposition toward reestablishing diplomatic relations with Cuba. The UDI, which recalled that the Cuban regime has denied freedom to its people, demanded that Chilean authorities express their solidarity with that suffering, and abstain from supporting a government that violates human rights.

Deputy-elect Ivan Moreira said there are clear indications that the future Chilean Government will attempt to reestablish the relations. Among such indications he mentioned the visit to Havana by Senator Carmen Frei and Deputy Eugenio Ortega, and the meeting they held with Fidel Castro, which Moreira considered extremely serious.

[Begin Moreira recording] We therefore believe that the symptoms that we have described—the visit to Cuba by Senator Carmen Frei and Deputy Ortega, the invitation extended to a high- ranking Cuban Government official [not further identified], and also the visit that a Christian Democratic Party delegation will reportedly pay to Cuba in March—are tremendously serious. All this means, to a considerable extent, that the future government of Mr. Frei has the will or intends to reestablish diplomatic relations with Cuba. We categorically oppose this. [end recording]

Moreira added that it is advantageous to maintain consular-level relations, but reestablishing diplomatic relations would be equivalent to attaching legitimate status to the Cuban regime, at a time when this country has a chance to return to democracy.

[Begin Moreira recording] This measure would give legitimate status to this regime, and we are not willing to give legitimate status to Fidel Castro. Unfortunately, Latin America and Chile apparently do not remember things, forgetting the situation that we suffered in the 1970's. [end recording]

UDI leaders finally said that their party will do everything in its power and will use all legitimate influences to avoid reestablishing diplomatic relations with Cuba.

As a political party, the UDI will work in the eyes of people through Congress, and will contact all public offices.

Cuban Vice President Invited to Frei Inauguration

PY2302133194 Madrid EFE in Spanish 2040 GMT 22 Feb 94

[Text] Santiago, 22 Feb (EFE)—Chilean Consul to Havana Benjamin Concha reported that Cuban Vice President Carlos Lage has been invited to attend Eduardo Frei's inauguration in Santiago on 11 March. Lage, who is responsible for the Cuban economy, visited Chile last year. President-elect Eduardo Frei then invited him—as well as singer Silvio Rodriguez—to attend the inauguration, EL MERCURIO reported today.

Deputy Gutemberg Martinez reported on 21 February that, within the framework of the visits exchange program, the Christian Democratic Party [PDC]—which is the Chilean ruling party—will send an official delegation to Cuba and that he will head the delegation.

The deputy added that the trip probably will take place in March, and United Labor Confederation [CUT] President Manuel Bustos and PDC ideologist Jaime Castillo Velasco also will be members of the delegation. The CUT is the main Chilean labor union.

Deputy Martinez explained that the trip's objective is to check on the enforcement of human rights in Cuba and on whether a democratic transition process is really under way in the country.

The administration to be headed by Frei is analyzing the possibilities of resuming diplomatic relations with Cuba.

Since 19 July 1991, Chile and Cuba have had diplomatic relations only at the level of consulates.

Some Chilean entrepreneurs already are doing businesses in Cuba. Carlos Cardoen, for example, has hotels and agricultural products companies in Cuba.

Foreign Minister Notes Bolivia Declines Invitation

PY2402011394 Santiago Radio Cooperativa Network in Spanish 2200 GMT 23 Feb 94

[Text] Chilean Foreign Minister Enrique Silva Cimma this afternoon disclosed Bolivian President Gonzalo Sanchez de Lozada's official response to the invitation conveyed to him by Chilean President Patricio Aylwin to attend the Chilean presidential inauguration.

Sanchez de Lozada says that it is not still advisable for a Bolivian president to attend an official ceremony. He added that his wife Ximena Iturralde de Sanchez de Lozada will represent him.

Silva Cimma read to the press Sanchez de Lozada's reply:

[Begin Silva Cimma recording] He says that for reasons that are not beyond President Aylwin's illustrious acknowledgement, a visit by a Bolivian president to Chile to attend an official ceremony is not yet advisable. He has, however, empowered his wife, Mrs. Ximena Iturralde de Sanchez de Lozada, to represent him as a proof of his consideration and personal esteem toward their excellencies President Aylwin and President Frei Ruiz Tagle. [end recording]

Sanchez de Lozada also conveyed thanks for the invitation conveyed to him by his Chilean counterpart Patricio Aylwin, and wished the best success to future President Eduardo Frei Ruiz-Tagle.

Silva Cimma said it is not suitable to speculate on this response which, according to him, does not affect bilateral relations.

[Begin Silva Cimma recording] I hope this letter will not lead to speculations, considering that the reply to the invitation was made in a very delicate way and in terms that I think are self- explanatory. Therefore, I am simply announcing the official report, and that is it. [end recording]

Diplomatic relations between Chile and Bolivia were disrupted after the Pacific War of the last century, when Bolivia lost its outlet to the Pacific Ocean.

Industrial Association Comments on Mexican Sanctions

PY2302151994 Santiago Radio Cooperativa Network in Spanish 1000 GMT 23 Feb 94

[Text] Pedro Lizana, president of the Industrial Development Association, Sofofa, presented a sort of protest to Foreign Under Secretary Rodrigo Diaz Albonico in regards to measures adopted by Mexico against our country due to alleged unfair trade practices involving fishmeal.

Lizana and Corpesca [Fishing Corporation] leaders met Diaz Albonico to express their total annoyance at the measure, which Lizana characterized as discriminatory, because the Mexicans have made a basic mistake in definition by believing that anyone can dump a raw material such as fishmeal.

Asked about Mexico's intentions, Lizana said:

[Begin Lizana recording] Well, we cannot judge a country's possible intentions when adopting certain measures. But it is clear, since we are talking about a product freely traded in the world market, that when you leave one supplier out you let another supplier in. [end recording]

Under Secretary Diaz Albonico was also consulted on the issue. He said that on 18 February he met Mexican Foreign Under Secretary (Rosario Grin) to discuss the discriminatory character of the measures adopted by Secofi [Commerce and Industrial Development Secretariat].

[Begin Diaz Albonico recording] The measures are discriminatory for two reasons. First, because they only punish Chilean products; and second, because the tariffs or quotas established for the products are much steeper than the tariffs that existed before the signing of the economic cooperation agreement. [end recording]

Diaz Albonico said the previous tariff on fishmeal was 15 percent while today it is nearly 24.8 percent, adding that this is discriminatory.

According to Diaz Albonico, the Mexican under secretary showed concern about the problem and talked with Secofi officials about it. Chilean authorities expect Secofi officials will be able to visit Chile and investigate the matter at the beginning of March in order to solve the problem before Eduardo Frei's inauguration. Diaz Albonico said the Mexican under secretary believes there is political willingness to drop the sanction, which is absolutely provisional, and that Chile has made Mexican administrative authorities aware that the country does not implement any dumping practices.

Correction to Item Citing Official on Sanctions

PY2302134794

The following correction pertains to the item subheaded "Mexican Sanctions 'National Problem,'" published in the Chile section of the 22 February Latin America DAILY REPORT, page 45:

Column one of page, make sourceline of item read: Santiago Radio Cooperativa Network in Spanish 2200 GMT 18 Feb 94 (correcting source)

Air Force Commander Views Modernization

PY1802214894 Santiago EL MERCURIO in Spanish 9 Feb 94 p C5

[Text] Chilean Air Force [FACh] Commander General Ramon Vega has confirmed that the replacement of the old Hawker Hunters with newer combat planes has become a real "necessity" for the FACh. In an interview with EL MERCURIO, Vega said he is not concerned by the recent purchase of 36 combat planes by Argentina because "they should modernize their air materiel just as I have the duty to keep the Chilean Air Force completely operational."

Last week, following long negotiations, the U.S. Government authorized the sale of the A-4M Skyhawk bombers to Argentina. They will be equipped with more modern radar systems than those originally installed.

Vega said: "On the orders of their respective authorities, they are replenishing their inventory."

According to British sources during the Falklands war (1982), Argentina lost 103 airplanes, among them 26 Mirages, 31 Skyhawks, 23 Pucaras, and 18 helicopters.

Vega said the FACh is concerned about current technological demands. It believes the expeditious replacement of the old Hawker Hunter fleet, which is still in use, is a necessity.

He said: "This in no way means an arms race. It is the result of real operational need."

Vega added: "Moreover, we have very good ties with air forces of other Latin American countries, as shown by the participation of Argentine, Peruvian, and Brazilian planes in the upcoming Fidae [International Aerospace Fair] 94, which is a good sign of the understanding and rapprochement, and of the projects we share, with bordering countries."

Vega said vast new ties have been established, which can be expanded even further through the implementation of projects in areas of common interest.

He said: "It is good for us to talk with our peers because the main challenge that faces us is the acquisition of scientific and space knowledge, which demands joint training."

Asked about the choice of planes to replace the 10 Hawker Hunters which have been in operation since 1967, General Vega said there are advanced studies on a definitive model.

Without disclosing any names, he said this change does not mean the FACh budget will not be met or that new expenses will be generated because previous studies took into consideration these expenses and national defense costs.

Chile purchased 53 Hawker Hunter planes. Despite excellent combat performance they are not equipped to carry missiles or modern bombs.

Their basic characteristics (speed, height and flight autonomy) are comparable to the A-4 which Argentina has in its inventory since 1970, but they lack the electronics and radar systems of the Argentine Skyhawks.

Vega said: "The FACh cannot lose the two groups of Hawker Hunter jets that are out of service. We know that—for reasons of the budget—it is almost impossible to replace this number of planes, but we are negotiating to recover at least one of these squadrons."

The FACh commander said there are several interesting choices on the international market and the issue has already been discussed with the defense minister "with positive results."

Asked about the possibility of purchasing Russian-made planes, which are currently very cheap, Vega implied that the idea is very remote. He said such a purchase would cause a drastic technological change and, consequently, high expenses in personnel training and the purchase of new equipment.

He added that the FACh has always opted for the most economic solutions for the country, prioritizing—for example—modernization programs over purchasing new material.

Vega stated: "It is a good solution because, like computer systems, airplane systems evolve very fast but the shell does not. In this way we modernized the entire electronic equipment of the Mirage 50 and the F-5E planes, thus increasing their operational life for several years."

One solution apparently being studied for the replacement of the Hawker Hunters is to buy more F-5E planes, which can be refurbished at a low cost.

Regarding his trip to the United States, which is scheduled for 20 to 26 February, Gen. Vega said he will visit the U.S. Air Force Aerospace Command.

He said: "We want to expand our knowledge in this field and to promote some kind of support so as to start our own programs."

Vega said the future of all nations lies in space and that it is necessary to promptly undertake studies in this area.

He said: "We must acquire this technology immediately because this is where the future lies." He did not deny the possibility of contacting Russian experts.

Vega added: "We are not planning to train an astronaut or a cosmonaut. This would be a very big step and we must first overcome many stages. The first is to establish a training program for our people in new terminology and systems. We want an experimental program to enable us to become better acquainted with this new technology, and we want to establish a specialized FACh department."

Vega said that a "political decision" is needed prior to the implementation of this long-term project.

He said: "With this support, we can fulfill the dream of building an experimental satellite within 10 years."

Colombia

Foreign Minister Supports U.S. Trial of Accused Spy

PA2302230294 Madrid EFE in Spanish 2100 GMT 23 Feb 94

[Text] Medellin, Colombia, 23 Feb (EFE)—Colombian Foreign Minister Noemi Sanin de Rubio today said that if former diplomat Maria del Rosario Casas is guilty of any crime, she should stand trial before a U.S. court. Casas was arrested yesterday in the United States and charged with spying for the former USSR.

Casas, who was born in Colombia, and her husband, Aldrich Ames, a high-level employee of the CIA for more than 30 years, were arrested in the state of Virginia. They were accused of having sold secrets to the KGB, the former Soviet secret service, since 1985 for a total of $1.5 million.

The 41-year-old Colombian became a U.S. citizen after marrying Ames, 52. She was a cultural attache for the Colombian Embassy in Mexico in 1983 when she met the American.

The Colombian foreign minister said Maria del Rosario Casas "worked at the Foreign Ministry more than ten years ago. She was an intelligent official; she studied at Andes University, taught at the institution, and did her job well."

Sanin added: "After that, there was no news about her." Sanin said the U.S. Government has not yet asked Colombia for any information about the former diplomat.

Maria del Rosario Casas' involvement in this espionage case has caused commotion throughout Colombia, whose laws recognize dual citizenship. She was an outstanding teacher of philosophy and language and was taking graduate classes at Georgetown University.

In voicing his regret over the incident, Prosecutor General Gustavo de Greiff said that if the charges are proven, Maria del Rosario Casas will have committed "treason against the fatherland, which is sacred."

Ministry Requests Information

PA2402020794 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 24 Feb 94

[From the "24 Hours" newscast]

[Text] The Colombian Foreign Ministry issued a communique tonight requesting official information from the United States on the services provided by Maria del Rosario Casas to the CIA in Mexico. The ministry is also requesting information on why Aldrich Ames, her husband, went to Colombia. In addition, the Foreign Ministry asked the prosecutor general and the attorney general to investigate Maria del Rosario Casas' conduct.

On this same issue, Noemi Sanin, Colombian foreign minister, has already offered the U.S. Government her full cooperation with the investigation into Maria del Rosario Casas' involvement in the case, the most talked-about spy case in recent times. Meanwhile, the Registrar's Office has disclosed the identification card of the accused.

The Foreign Ministry received orders today to maintain under strict reserve the curriculum vitae of Maria del Rosario Casas du Puy, Colombian Mata Hari captured by the FBI in the United States. She is accused of spying for Russia. This is Casas du Puy's photograph when she applied for a diplomatic post in Mexico. [video shows photograph of Maria del Rosario Casas] Here is what Foreign Minister Noemi Sanin has said:

[Begin Sanin recording] She is a well-known person from an established family. We hope, due to her background, she will be found innocent of the charges; if not, she must surrender to justice, because the accusations of the crime she has allegedly committed are very serious. [end recording]

Police Arrest Cali Cartel Boss Wanted by U.S.

PA2302143694 Madrid EFE in Spanish 0534 GMT 23 Feb 94

[Text] Bogota, 23 Feb (EFE)—Authorities have reported that Jaime Orejuela Caballero, one of the most important bosses of the drug-trafficking Cali cartel, a man wanted by the United States, was arrested Tuesday by the Colombian police in a Cali neighborhood. According to Cali Police Chief General Jose Eustasio Reyes, his men captured 50-year-old Orejuela Caballero while he was driving his automobile in a Cali suburb.

Orejuela, who was transferred by plane to Bogota, is wanted by Interpol and could be transferred to the United States although no official announcement has been made about extradition plans. Gen. Reyes reported that a New York City court has filed an arrest warrant for the Colombian mafia boss, who is accused of possessing, producing, and distributing cocaine in New York City. He faces other charges also.

A few hours before the arrest, Colombia's Prosecutor General Gustavo De Greiff said in the city of Medellin, which is the headquarters of another notorious drug-traffic cartel, negotiations for the surrender of Cali cartel chiefs are under way. The prosecutor general said the possible surrender of Gilberto Rodriguez Orejuela and Julio Fabio Urdinola Grajales, two alleged bosses of the Cali cartel, is being negotiated.

Justice Minister Andres Gonzalez told De Greiff in a letter that he is afraid there could be "legal maneuvers" behind the efforts of the drug-traffickers' attorneys, which are geared toward allowing the authorities to investigate the accused, then finding them not guilty due to a lack of evidence in Colombia.

According to the U.S. DEA, the Cali cartel is Colombia's most important mafia group, more important than the almost dismantled Medellin cartel, which controls 80 percent of the cocaine shipments to the United States.

Prosecutor General Views Cartel Members' Surrender

PA2402044494 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 22 Feb 94

[From the "National News" newscast]

[Text] In view of the arrest or possible surrender of Cali cartel members, Prosecutor General Gustavo de Greiff has insisted in his well-known policy of the carrot and the stick.

[Begin recording] [Unidentifed reporter] Were you aware that Gilberto Rodriguez Orejuela and Hector Fabio Urdinola would surrender first?

[De Greiff] Yes, these are the two people who have appointed lawyers with whom we are advancing the process. You can be sure that I am confident, and the lawyers have said as much, that the process will not be limited to these two people but involve many others who unfortunately have engaged in drug trafficking.

[Reporter] Will they be the first ones?

[De Greiff] That is correct.

[Second unidentified reporter] Are we going to be having announcements as happened in the past with Pablo Escobar?

[De Greiff] Pardon me?

[Second reporter] Will we be having announcements of surrenders, as happened with Pablo Escobar in the past?

[De Greiff] I hope not, because they know and must keep in mind that as long as they do not surrender, we are going to continue pursuing them. Ultimately, they will meet with either Escobar's fate or the fate of those who have surrendered to justice. [end recording]

'Terrorist' Explosion in Northern Medellin Reported

PA2302131794 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 23 Feb 94

[Report by Edgar Gallego Rigo from Medellin; from the "Caracol 0600-0900" newscast]

[Text] Medellin authorities are currently investigating the motives and persons responsible for the explosion of 10 kg of dynamite early this morning in the central part of Bello, northern Medellin.

The explosion injured two policemen and caused considerable property damage to a local store, the police station, the municipal inspection department, and another municipal building. It also caused damage to three floors of the old municipal palace, 10 local commercial stores, and a fleet of nine official [word indistinct].

The fire department is currently preparing an assessment of the damage caused by this terrorist attack, which has not yet been attributed to any group.

Candidates More 'Concerned' About Public Order

PA2302180294 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 23 Feb 94

[Report by Fabio Callejas; from the "Caracol's 0600 to 0900" newscast]

[Text] Congressional and presidential candidates are increasingly concerned over the growing deterioration of public order in various parts of the country. They are complaining that they are no longer able to carry out their campaigns because of threats from guerrilla groups.

Liberal presidential hopeful David Turbay has called upon President Cesar Gaviria Trujillo to, more or less, tighten his belt and adopt measures that will allow the candidates to campaign.

[Begin Turbay recording] It is true that the government has made an effort in this area, but I believe it is up to Dr. Cesar Gaviria's administration to tighten its belt and see what sort of measures can be adopted on this final leg of the campaign to ensure protection. [end recording]

This concern has also been expressed in the past few hours by Liberal Party Director Julio Cesar Turbay Ayala.

* Samper Promises To 'Pay Debt Owed' Women

94P20416

[Editorial Report] During four campaign stops in Cali, Liberal Party presidential hopeful Ernesto Samper said that, if elected, he will "pay the debt owed to Colombian women." Speaking to various female audiences ranging from professionals to factory workers, Samper said he would adopt a policy of "positive discrimination" in favor of women whereby a woman would be given preference over a man in situations where equally qualified male and female candidates are being considered for a job or promotion. Samper's seven-point program to benefit women would include: Formulation of a National Development Plan to promote greater opportunities and equality for women; measures to reduce unemployment among women, especially those between 25-35 years of age; a promise that, by the end of his term, women would occupy half of the managerial and advisory positions in his government; flexibility in work schedules to accommodate the needs of working mothers; better training for child-care providers to improve their wage status; more severe punishment for violence against women; and subsidies to help female heads of households.

During one address to a group of factory workers, most of whom were single mothers, Samper also said his administration would provide 500,000 subsidized housing units and implement a program of microenterprises for female heads of households. (Santa Fe de Bogota EL TIEMPO 4 Feb 94 p 9A; 5 Feb 94 p 7A; EL ESPECTADOR 4 Feb 94 p 5A)

Ecuador

Former Information Vera Remarks on Resignation

PA2302011394 Quito Voz de los Andes in Spanish 2300 GMT 22 Feb 94

[From "The Voz Andes" newscast]

[Text] President Sixto Duran-Ballen has dismissed Information and Tourism Minister Carlos Vera, because the president said the minister failed to show respect for the command hierarchy by criticizing Vice President Alberto Dahik. Carlos Vera Rodriguez ordered Dahik to toe the line and refrain from launching trial balloons after the vice president stated the government is studying the possibility of calling a referendum on topics government spokesmen have not yet disclosed. Vera referred to the burning topic this noon when he hosted a news conference that was broadcast nationwide on a radio network. The minister officially announced his resignation from the post he has held since the start of conservative Sixto Duran-Ballen's government. In announcing that he was stepping down, Vera stated: The president felt a way to resolve the situation my remarks caused was to ask for my resignation, and I immediately agreed.

[Begin Vera recording] It is necessary in this country to display constant loyalty and to demonstrate with deeds and renouncements, not just with mellifluous or questionable phrases or poses. It is necessary to etch that word in capital letters; it is necessary. The same applies with the words understanding, friendship, gratitude, and frankness. That is why today when I conclude my work I do so in a manner that should be done—with a president of the caliber of Sixto Duran-Ballen.

I begin with my thanks, with a tight summary of results, and my best wishes of good luck. I will later refer to the president's decision to request my resignation and my decision to heed his request immediately. I again begin by thanking him for the confidence and support he gave me by entrusting upon me this responsibility to continue the work of Pedro Zambrano, whose untimely death, which could have been avoided [words indistinct] of Ecuador prompted me to accept this challenge. Before, I had encouraged him to join the task of supporting a new course, something that ultimately cost him his life.

I could not help but sacrifice my prestige, comfort, and economy to act according to his struggle and task. [end recording]

Vera publicly criticized Vice President Alberto Dahik, who in the last few days announced the government's intention to convene a popular consultation to propose various constitutional reforms. Dahik made the announcement without President Duran-Ballen's authorization, creating a state of confusion within the government and sparking reactions from different sectors in Ecuador.

President Duran-Ballen said the issue of a possible plebiscite is only under consideration.

Vera said during a news conference: I do not consider it a lack of respect to request respect for a right exclusive to the president. He should be the first to announce such an important matter as a plebiscite.

Several papers published today reported that Vera had become a strong Dahik opponent due to the differences between the officials on economic policies.

Vera, a 39-year-old reporter, had orchestrated Duran-Ballen's political campaign, which took him to the Ecuadoran presidency for the 1992-96 term. The former information minister also said Leon Herrera, National Radio director, and David Andrade, information under secretary, had placed their post at the executive's disposal. I have asked them to remain in their posts until the new minister replaces them, Vera said, stating he would return to journalism.

The government is still undecided about who will replace Vera; therefore, David Andrade, information under secretary, will remain in charge.

President Duran-Ballen Cited on Opposition Groups

PA2302173094 Hamburg DPA in Spanish 2246 GMT 19 Feb 94

[Text] Quito, 19 Feb (DPA)—While the opposition strongly criticizes the government's plans to call a plebiscite on constitutional reforms, President Sixto Duran-Ballen has severely chided his political adversaries and charged they are obstructing changes "out of pure hatred." "Without any support, my government is changing this country and giving it an efficient and productive economic structure," said the 72-year-old president, who described his rivals as "the crazy opposition." However, Duran-Ballen did not confirm the plebiscite, suggested by Vice President Alberto Dahik the previous evening, to solve the problems of governability caused by a political structure that furthers conflict between government branches.

The suggestion made by Dahik, who is considered to be the liberal government's ideologue, unleashed a wave of criticism and charges that the government is trying to alter the ongoing electoral process and avoid a defeat which, according to the polls, will be overwhelming. The government's acceptance rating is under 10 percent, thus, it can be anticipated that the opposition will obtain a large majority of the 65 deputy positions—in the 77-member Congress—to be renewed on 1 May.

The opposition-controlled Congress has halted the bills presented by the government to change the economic structure, which is very centralized presently. "They are damaging the country, not me. They, however, care nothing for the country," Duran-Ballen stated when he commented on the "perverse obstructionism."

Despite the blocking of the bills, the government has announced it will start to privatize some of the 167 public firms this year. This action is part of the "Modernize the Government" program which will also reduce the number of bureaucrats and fiscal expenses. "We will continue the program until 1996" (when his term ends), reiterated Duran-Ballen today. "The crazy opposition will not stop us," he added.

Paraguay

Police Clash With Peasants Closing Caaguazu Highway

PY2302133794

[Editorial Report] Asuncion ABC COLOR in Spanish on 22 February publishes on page 6 a 700-word article by Carlos Mariano Godoy and Noelia Villalba describing a police clash with peasants near Simon Bolivar, in Caaguazu Department.

The authors say that "several peasants were beaten with truncheons and four policemen were injured with stones" during a confrontation between the departmental National Police and peasants closing Highway 3. The article says the peasants were protesting for better prices for their products and against the arrest last week of some peasants in Campos Morombi, San Pedro Department.

The article states: "About 50 policemen arrived in the area at 1045 and disbanded the demonstrators occupying the highway without using any type of arms." However, the peasants began throwing stones when police removed tree trunks from the roadway. Police then reacted and beat some of the peasants with truncheons. The peasants, however, closed the road again soon afterward and threw stones at some passing vehicles.

The authors say the impasse continued until Caaguazu Governor Mario Soto Estigarribia and national Deputy Silvio Ovelar came to talk with the peasants, promising to address their grievances and to arrange a meeting with President Juan Carlos Wasmosy.

The authors say peasant leader Jose Ruiz Diaz addressed his fellow peasants, saying: "We will leave the highway now and go home to take our arms in order to get ready for tomorrow," because if President Wasmosy does not agree to our demands "we will close the highway again" and "we will fight the police with the same weapons they use against us."

Wasmosy Meets Peasant Leaders

PY2302163194 Asuncion ABC COLOR in Spanish 23 Feb 94 p 2

[Article by "special correspondents" Nestor D. Escobar Franco and Jorge Caceres]

[Text] Coronel Oviedo—After almost three hours of negotiations between peasant leaders and President Juan Carlos Wasmosy, there are no prospects for finding a solution to the social demands since the two parties did not reach concrete agreements. President Wasmosy accused Deputy Hermes Chamorro of being a "communist" during the meeting held in the Coronel Oviedo departmental Government House on 22 February. Wasmosy made the accusation when Deputy Chamorro demanded that exporters of agricultural products like him (Wasmosy) give up a minimum part of their profits in favor of the peasants to find a solution to the conflict.

Chamorro said this request caused an immediate reaction by the president, who accused Chamorro of taking a position typical of populists and that he was revealing his ideological inclination toward communism.

Chamorro replied that the accusation of being a communist is completely irresponsible and absurd, thus playing down the accusation. Chamorro came with the peasant leaders to meet Wasmosy, who was accompanied by Ministers Raul Torres [agriculture], Carlos Podesta [interior], Nicanor Duarte Frutos [education], and Candido Nunez Leon [health].

Chamorro said: "I made the request because I know there are exporters of agricultural products who advocate an increase in the price of cotton but Cadelpa [Paraguayan Cotton Chamber] is exerting tremendous pressure on its members to keep their prices at the same level." Chamorro added that Wasmosy supposedly advocates free competition but in practice, "when they have to put that principle, that philosophy, in practice they get together and make decisions by a majority. The president is part of that clique running the cotton business. Only someone who is blind cannot see the peasants' painful situation."

Rafael Ruiz Diaz, peasant leader in the Simon Bolivar district, said the peasants came out of the meeting with Wasmosy disappointed because no agreement was reached and they only received promises. Ruiz Diaz said the president practically indicated that this case is not in his hands, but he will try to find a solution. Ruiz Diaz added that this was not the answer they expected. Ruiz Diaz also said, in Guarani: "He clearly told us that the government has enough force to prevent road closures and to take other measures of force. But we, the peasants, are ready to face the government if necessary."

He said Wasmosy told them they can sell their cotton freely but that the Brazilian buyers, in this case, will have to pay the appropriate taxes at the border to take the product.

He revealed that the peasants want [words indistinct] guaranies per kilogram of cotton, the release of the San Pedro peasants under arrest, the distribution of land, and guarantees for the land's exploitation. Regarding the peasants under arrest, they received the promise they would be released next week.

Ruiz Diaz said Wasmosy told them that "if we resort to force, the peasants do not have a chance." Ruiz Diaz then said, in Guarani: "As Paraguayans and peasants, no one will run away from anyone. There is no such thing as being afraid of each other." He reiterated that the peasants will not give in to their demands and the peasants have more than enough energy. He said [in Guarani]: "There is no such thing as being afraid of each other."

Governability Pact Board Urges Dialogue

PY2302204894 Asuncion ABC COLOR in Spanish 23 Feb 94 p 8

[Text] The Governability Pact Inter-party Board last night issued a communique in which it urges the government not to resort to the easy alternative of repression in response to popular demonstrations which have been silenced for so long. Reasserting its continued commitment to seek solutions, the Inter-party Board supports the demands of peasants. Moreover, it denied that the Inter-party Board had experienced a crisis.

After almost four hours of negotiations, Vice President Angel Roberto Seifart read a communique through which the Inter-party Board members reassert their determination to continue to seek solutions to national problems. The communique adds that they support the demands by peasants to increase cotton prices for the current harvest.

The communique adds that the Governability Pact seeks to prioritize all technical studies that urge the government to grant needed financial increases for farmers.

They express their hope that the establishment of the Social Development Council, which was proposed by the Inter-party Board, will be an effective way to solve overall social problems and to implement social welfare policies, and not just to solve current problems.

The communique urges the national government not to resort to foolish repression in answer to popular demonstrations which have been silenced for so long without first exhausting the possibility of dialogue as a way to find solutions to the demands. The communique states that the Inter-party Board is willing to mediate.

The Inter-party Board members call for an urgent meeting with the president to discuss the extent of Decree 436/93 issued on 25 September 1993 establishing restrictions on the free marketing of cotton. This meeting will probably be held sometime this week.

Asked about the role of the Governability Pact within the Social Development Council, Vice President Seifart said it will continue to work because political parties will play a relevant role in this new council.

Seifart denied that the Inter-party Board experienced a crisis. He said that some political party leaders have refered to the current situation. PLRA [Authentic Radical Liberal Party] leader Domingo Laino explained the extent of his statement, stating he never mentioned the possibility of breaking the Governability Pact, rather of making demands on the government.

The meeting was attended by representatives from several political parties, including Miguel Angel Montaner (PDC) [Christian Democratic Party]; Victor Sanchez Villegra (PRF) [Febrerista Revolutionary Party]; Juan Carlos Galaverna and Eugenio Sanabria Cantero (ANR) [National Republican Association - Colorado Party]; Domingo Laino and Juan M. Benitez Florentin (PLRA), among others.

Senate Group Visits PRC; Commercial Offices Promised

PY2202160594 Asuncion ULTIMA HORA in Spanish 21 Feb 94 p 7

[Text] The delegation of Paraguayan senators visiting the PRC, headed by Carlos Alberto Gonzalez and made up of Antonia Nunez de Lopez, Diego Abente, Fernando Pfannl, Luis Guanes, Amado Yambay, and Arnaldo Rojas Sanchez, received the promise of Vice Foreign Minister Liu Huaqiu that commercial offices will be established in Asuncion and Beijing as soon as the Paraguayan and Chinese Governments reach an agreement. The offices will promote economic, commercial, investment, cultural, and personal links between China and Paraguay, as well as grant visas to the two countries' citizens.

Communist Party Commemorates 66th Anniversary

PY2102161094 Asuncion ABC COLOR in Spanish 20 Feb 94 p 8

[Text] Marxist-Leninist followers on 19 February commemorated the 66th anniversary of the founding of the Paraguayan Communist Party [PCP], recalling the many persecutions of the party and the deaths of various leaders during the military dictatorships. The political association's leaders expressed their commitment to the peasant and labor masses during all the ceremonies and acts celebrating their anniversary during the week, which concluded on 19 February with a political activity at the Salesian school.

Socialism as a political and economic alternative for Paraguayan society and the responsibility of the leaders of the various progressive organizations in the creation of better living conditions for peasants, workers, and other social groups were the most-discussed items during two panel-debates at Viola House during the week. All the activities were organized by members of the PCP, which celebrated its 66th anniversary on 19 February.

Two commemorative activities were organized 19 February: During the first ceremony a flower wreath was laid at the Ortiz Guerrero-Flores public square in Jose Asuncion Flores' honor at 1000. During the ceremony PCP leaders outlined the participation of the creator of the Guarania [Paraguayan music] in Communist Party activities. The central activity, which had a political and cultural tone, was carried out at the Salesian Sacred Heart of Jesus School at 2000. Speaking on the occasion were PCP President Ananias Maidana, Febrerista Revolutionary Party President Victor Hugo Sanchez, political expert Line Bareiro, and others who expounded on the critical situation of poverty in the country and proposed a further unity of leftist forces and progressive organizations in actions seeking to better organize groups affected by the present socioeconomic situation.

"Socialism Has Not Died"

Maidana held a news conference. He said Marxism has a lot to contribute to the country's new era. "Those who say that socialism has died have bad intentions or do not know anything about the historic process of peoples development," Maidana said.

"A form of socialism has died, yes, but we know that the greater victories in favor of the most unprotected groups of society have been achieved following pressure exerted by society in demand for respect for their rights. The achievements in the area of social rights were not won by just conservatives and reactionaries," Maidana said.

Asked about the PCP position regarding private property, Maidana said that at present "we are not against private property, but we favor the idea that land should be in the hands of those working it, which in this case are the peasants."

Uruguay

Government To Have More Flexible Agreement With IMF

PY2202212294 Montevideo BUSQUEDA in Spanish 17 Feb 94 p 14

[Text] Uruguay will have a much more flexible agreement with the IMF regarding the goals of its 1994 economic program, which does not require the approval of the IMF executive board.

Of the possible agreements between the IMF and the different countries, the government decided to quit the "enhanced surveillance" [two preceding words in English] agreement which follows the "stand by" [two preceding words in English] on strictness regarding IMF loans and a quarterly control of the established goals. "Enhanced monitoring" [two preceding words in English] will be conducted instead.

Official sources told BUSQUEDA that the new agreement will be established in March.

The "staff" [preceding word in English] of experts headed by Western Hemisphere Director Steri Beza will study details of the program submitted by Uruguay with the adjustments made last week. For 1994 there is a predicted inflation rate of 35 percent, a fiscal deficit of 0.5 percent of the GDP, a devaluation of 2 percent per month, and a salary increase of 32 percent for public employees "consistent" with the devaluation percentage.

It was stated that the choice of a more slack agreement with eventual measures for the correction of incorrect fiscal spending this year "leave doubts among IMF experts about their real fulfillment."

The approval of the IMF executive board (which is reserved for the "stand by") is not required for "enhanced surveillance" but it supposes explicit acceptance by the IMF of the country's economic program.

It was explained that "enhanced monitoring" also has quarterly goals but it allows "greater margins for deviation from them," and the IMF controls are more "global."

Venezuela

President Orders Dismissal of Charges Against Coupists

PA2402020994 Caracas Venezolana de Television Network in Spanish 2350 GMT 23 Feb 94

[Report by Melisa Soto from "The News" newscast]

[Text] President Rafael Caldera today signed an order dropping charges against Lieutenant Colonel Francisco Arias Cardenas and nine [number as heard] other officers who participated in coup attempts on 4 February and 27 November 1992. Here is Melisa Soto with details.

[Soto] The officers who received the presidential pardon are Lt. Col Francisco Arias Cardenas, Major Marisela Arevalo, Lt. Ramon Rodriguez Chasin, Aviation Lt. Juan Carvajal Mas, Technical Sergeant 3d Class Tony Armas, Army Captain Frank Rafael Morales, Army Capt. Juan Carlos Hidalgo Pandare, Lt. Jose Gregorio Vielma, and Lt. Jose Felix Alvarez. All of them were tried and convicted and are now serving sentences in the San Carlos Garrison and Lino de Clemente Battalion, except for Lt. Col. Arias Cardenas, who is still confined in a military hospital after undergoing dental surgery.

It is also worth noting that today Lt. Colonel Hugo Chavez Frias did not appear at the military court as is customary. According to his legal advisers, who are also temporarily serving as the attorneys for General Carlos Diaz Rangel [name and title as heard], Chavez will not appear in court to be handed a warrant for his arrest [as heard] because he feels the proceedings contain a series of irregularities. As his advisers explained, the president is being deceived because some of the convicted officers have received manipulative offers to get them to request discharges, including offers of scholarships and cash.

[Begin recording] [Defense attorney Tomas Noriega, identified by caption] We feel that this officer, or, rather, these officers who have come to talk to Major Carlos Diaz Reyes about this subject are hampering his right to a defense, and the position of these officers undermines the defense of those patriots who rebelled against corruption and the awful situation in the country. The time that has passed since then has proven—and President Caldera has admitted this—that if it had not been for the 4 February events, he would never have been elected president.

[Defense attorney Jesus Bello, identified by caption] In public remarks made during the election campaign, and later after being elected president, Dr. Caldera offered to release these officers without any conditions or restrictions. This is why I feel the president must know that these officers fulfilled their duty. He must also know that his public promises, as well as the promises he made over the telephone to Col. Chavez and Maj. Diaz Reyes when they were held in Yare—promises that he would release them once he was elected—are the reason why the people are still clamoring for their release, and the president must heed the people and help these officers be reincorporated into the National Armed Forces. [end recording]

[Soto] According to Lt. Col. Chavez Frias' legal advisers, other officers who are being tried for the 4 February and 27 November coup attempts have received similar promises.

General Says Army Ready To Defend Sovereignty

PA2302134094 Madrid EFE in Spanish 2326 GMT 19 Feb 94

[Text] Caracas, 19 Feb (EFE)—Today, Major General Egberto Artuza Delgado, National Guard [GN] commander, reported the Venezuelan Armed Forces are prepared to defend sovereignty in the face of a possible attack by Colombian guerrillas on border towns. The high-ranking officer said the GN, the Navy, and the Army have beefed up security in Casdualito, the Venezuelan town bordering Colombia, in anticipation of a new guerrilla attack. "We are absolutely sure they will carry out future attacks against our installations and we are ready for that," he asserted.

Artuza Delgado said the civilian population of the southwest region of Venezuela can rest assured the Armed Forces will safeguard their physical safety and will protect their properties. Meanwhile, the GN commander reported that this Venezuelan force had not arrested the Brazilian gold prospectors and also denied entering the Brazilian territorial space.

The general remarked the Venezuelan Armed Forces respect the borders and are perfectly aware of their location. He added that in the last operation conducted in the area bordering Brazil, Venezuelan military authorities destroyed 88 "gold prospecting" camps and 11 rafts used by the illegal miners. The officer concluded that "the illegal Brazilian miners, who profit from the illegal exploitation of our land, want to create friction at the international level so as to weaken the work being done at the border."

Roundup of Economic Developments

PA2202172194

[Editorial Report] The following is a compilation of reports on Venezuelan economic developments through 22 February:

According to a poll conducted by the Central Statistics and Data Processing Office, OCEI, 17.4 percent of the active young population is unemployed, which equals 340,677 youths. Statistically, Venezuela still has a high proportion of youths, with persons between the ages of 15-24 making up 48.7 percent of the population. The overall unemployment rate is 6.6 percent. (Caracas ECONOMIA HOY in Spanish 14 Feb 94 p 12)

There has been a drastic and unprecedented drop of two and one- half points in the foreign debt bonds since midday on 14 February. They now stand at 67.50 points, which translates to losses of approximately $2 billion. Traders say this is basically due to three factors: Standard and Poor's announcement that Venezuela has been reclassified as a country of great investment risk; the U.S. inflation rate announcement, which affects U.S. 30-year bonds, which in turn affects Venezuelan collateral bonds; and a domino effect in various banks following the weekend news on financial system destabilization. (Caracas EL DIARIO DE CARACAS in Spanish 15 Feb 94 p 15)

The administration of outgoing President Ramon J. Velasquez reports that during 1993 capital and investment expenditures amounted to 212.049 billion bolivares, equivalent to 19.3 percent of total expenditures. During the same period, 33.1144 billion was authorized for debt repayment, which represents 3 percent of total expenditures. (Caracas EL NACIONAL in Spanish 15 Sep p c-12)

The OCEI reports that the value of imports dropped 13.3 percent to $10.986 billion in 1993, compared to $12.672 billion in 1992. Imports for December dropped 17.7 percent compared to November and 28.3 percent compared to December 1992. (Madrid EFE in Spanish 0001 GMT 17 Feb 94)

Banco Union President S. Henry Benacerraf has denied reports from Colombia that Banco Union in Venezuela, as well as its branches abroad, are experiencing problems and facing an intervention process. Benacerraf said "the institution is experiencing its best times ever." The bank president added that Banco Union is "third in productivity." Benacerraf said that in 1993 the Union Bank recorded a 1.753-percent increase compared to figures for 1992. Benacerraf believes that the mix up occurred last week after an intervention in the Union Federal Bank in the United States was announced. (Caracas REPORTE DE LA ECONOMIA in Spanish 17 Feb 94 p 11)

The OCEI reports that nontraditional exports reached $222 million in January, which represents a 19-percent increase over January 1993 exports. On the other hand, the December 1993 export figures were 26.7 percent higher than the January 1994 figures. (Caracas REPORTE DE LA ECONOMIA in Spanish 18 Feb 94 p 16)

Suriname

Development Aid Minister Urges Restructuring Measures

BR1802134094 Amsterdam DE VOLKSKRANT in Dutch 16 Feb 94 p 6

[Interview with Surinamese Development Aid Minister Assen by Linda Otter in Paramaribo; date not given: "'If We Do Nothing Now, We Will Lose All Our Credibility'"—first 10 paragraphs are DE VOLKSKRANT introduction]

[Text] Paramaribo—"There is strong resistance to the International Monetary Fund [IMF] in Suriname," says Suriname Development Aid Minister Assen. As a result his country does not intend to deal with the IMF, as the Netherlands demanded. However, Suriname will have to implement whatever hard-hitting restructuring measures the IMF may require, he conceded.

"Last year, many Surinamers still thought that they were doing the Netherlands a favor implementing a restructuring program. They did not understand that they were doing so out of pure necessity." Surinamese Development Aid Minister R. Assen rapped his knuckles sharply on the table to underline his words.

Assen, who back in September took over from his predecessor, ex-minister E. Sedoc, who retired for health reasons, believes that Suriname must get down to work straight away. "We must not wait until money starts to arrive from the Netherlands, but simply make a start."

The relationship between the Netherlands and Suriname cooled considerably when the Netherlands stopped making payments (worth 200 million—DE VOLKSKRANT editor's note) out of a slush fund aimed at stimulating production. Such money would only be made available if Suriname, which had fallen a considerable way behind in implementing its structural adjustment program [SAP], turned to the IMF.

This demand aroused a great deal of emotion. According to the government, doing business with the IMF was tantamount to committing political suicide. However, things would now appear to have settled down again somewhat, following a compromise proposal drawn up by Assen which was delivered to the Netherlands Government in The Hague last week by members of the Surinamese Parliament. Suriname stated its readiness to turn to the Warwick Research Institute to monitor its SAP. The Netherlands could then turn to the IMF for advice concerning its findings.

Although members of the Netherlands Parliament found the plan "rather laborious," Development Aid Minister Pronk did not react dismissively. Assen admits that the compromise does not in any way affect the way in which Suriname will have to implement its adjustment program. Both the Warwick Research Institute and the IMF are making strong demands regarding Surinamese restructuring.

According to Assen: "It is a highly sensitive issue. In Suriname there is strong resistance to the International Monetary Fund, partly because of the poor image that it had one year ago. For example, wild tales were circulating about actions in the streets of Jamaica, where an adjustment program was also being implemented.

"The first party to turn feeling against the IMF was the NDP [National Democratic Party] (the opposition party led by ex-Army chief Bouterse—DE VOLKSKRANT editor's note), back in 1988. When the IMF was in the news again last year, the members of the government were extremely cautious. Primarily because the trade unions were also strongly opposed to the IMF. It would have taken me years to convince them that the IMF had significantly changed their tack in the meantime, and become more lenient. We cannot tolerate a situation such as this. After all, we have just emerged from a period of military rule, during which the government exercised insufficient control over the army. Furthermore, the army gained hold within a political party (the NDP—DE VOLKSKRANT editor's note) which seemed pretty likely to come to power."

"However, we have already overcome one important obstacle. In October, the trade unions announced actions due to the fuel shortage and the tremendous increase in electricity prices. When Bouterse decided to go along with them, betting that the government would fall before Christmas, it suddenly became dead quiet. If Bouterse had kept his mouth shut, then the government might indeed not have lasted until Christmas."

Assen already has the dates of the restructuring measures in his head. On 1 June, Suriname, which currently practices four different exchange rates, will make the transition to having just one uniform rate. In addition, import duties will have to be raised at around the same time, and the plan for restructuring the civil service will also have to be ready. "We will have to implement specific, coherent measures," said Assen, "which means that the working population will have to accept a wage adjustment."

[Otter] It is not the first time that the government has announced hard measures.

[Assen] I think that today the government is certainly convinced that there is no way around implementing a structural adjustment program. If we do nothing now, we will lose all our credibility. By 1 June we must have a uniform exchange rate. The bottom line for me is that the Surinamese economy must be restructured, with or without foreign help. Naturally, receiving help would considerably facilitate the task of keeping the rate under control, but I am not counting on receiving that money before June. I think that The Hague is saying: "Let us wait and see how serious you are about implementing your plan."

[Otter] In Suriname, there was a strong emotional reaction when the production slush fund worth 200 million was frozen. How important is that money?

[Assen] The balance of payment support makes it easier for us to keep the rate under control. And with the industrial fund we could stimulate exports. We must increase the state's foreign exchange revenue. Surinamese companies are primarily trading and packaging companies. The entrepreneurs will have to become more export-oriented. That is difficult because trading yields a great deal. The mentality of our entrepreneurs must change. If the purchasing power of the people declines further, then that will probably happen of its own accord. At the same time, we must all attend to replacing imports. Suriname must give priority to production that makes the country self-sufficient.

[Otter] Until now, the government had refused to implement the restructuring measures, being mindful of a possible popular uprising.

[Assen] If we offset the measures by others that raise people's incomes, then I think there will be less resistance than anticipated. Perhaps we will leave salaries as they are and work with a system of bonuses. That will not trickle down to secondary provisions (social security, etc.—DE VOLKSKRANT editor's note). If the government's plans are to be restructured, then the officials must be accommodated within the private sector. Then we will have to extend our social safety net, e.g. by raising officials' pensions.

[Otter] Why did the government not act any earlier if it is all that simple?

[Assen] It is not simple. Last year we needed to devote our energy to dealing with the question of power. In the meantime, attitudes have changed somewhat. There are now many more Surinamese who understand why the SAP is necessary. For a long time, Suriname was isolated, due to its period under military dictatorship and the freezing of development aid. There were only a few people who had heard of an adjustment program, and we needed time to find our feet.

I can still remember speeches by ministers which contained a great deal of rubbish about the SAP. Now we understand that the SAP is not being forced on us from abroad. So in that respect we have become a little wiser.